

City Of
Horseshoe Bay
TEXAS



FY 2021 Budget

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CITY OF HORSESHOE BAY, TEXAS

ANNUAL OPERATING BUDGET FOR FISCAL YEAR 2020-2021

This budget will raise more revenue from property taxes than last year's budget by an amount of \$407,065, which is an 6.90% increase from last year's budget. The property tax revenue to be raised from new property added to the tax roll this year is \$226,908.

City Council Record Vote

The members of the governing body voted on the adoption of the budget as follows:

FOR: Jerry Gray, Kent Graham, Frank Hosea, Randy Rives,
Elaine Waddill

AGAINST:

PRESENT and not voting:

ABSENT:

Tax Rate	Proposed FY 2020-2021	Adopted 2019-2020
Property Tax Rate	.27000	.27000
No New Revenue Tax Rate	.26004	.25507
No New Revenue M&O Tax Rate	.23527	.23357
Voter Approval Tax Rate	.28158	.27088
Debt Tax Rate	.03473	.03836

The total amount of municipal debt obligations secured by property taxes for the City of Horseshoe Bay is \$8,215,000.



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**City of Horseshoe Bay
Texas**

For the Fiscal Year Beginning

October 1, 2019

A photograph of a handwritten signature in black ink. The signature reads "Christopher P. Monell". The signature is written in a cursive, flowing script.

Executive Director





Elected Officials

Mayor	Cynthia Clinesmith
Council Member, Mayor Pro Tem	Jerry Gray
Council Member	Frank Hosea
Council Member	Kent Graham
Council Member	Randy Rives
Council Member	Elaine Waddill



*Pictured above: Top Row: Randy Rives, Elaine Waddill, and Frank Hosea.
Bottom Row: Jerry Gray, Cynthia Clinesmith, and Kent Graham.*

Administrative Officials

City Manager	Stan Farmer
City Secretary	Kerri Craig
Utilities Director	Jeff Koska
Finance Director	Margie Cardenas
Police Chief	Rocky Wardlow
Fire Chief	Brent Batla
Development Services Director	Eric Winter
Human Resources Director	Vicki Briggs
Public Works Director	Tim Foran
GIS Administrator	Troy Meyers
IT Administrator	Jules Martin

October 1, 2020

To the Honorable Mayor, City Council, and the citizens of Horseshoe Bay:

As Budget Officer of the City of Horseshoe Bay, I am pleased to present for your consideration the adopted annual budget for fiscal year 2020-2021, beginning October 1, 2020. Please accept this letter as my budget transmittal and executive summary.

This budget is the financial plan for the City of Horseshoe Bay. In addition, this budget is a policy tool for the Council, an operations guide for the staff, and a communication tool to the public. The presentation of this budget document continues to evolve to provide additional details for policy decisions and inform the citizens of Horseshoe Bay's current status, as well as future plans. For fiscal year 2020-2021, the annual budget is conservative, accomplishes all the objectives of the City, and provides for the necessary levels of services to the citizens of Horseshoe Bay. The 2020 property tax rate is \$0.27000 per \$100 valuation and is unchanged from the previous year. This rate is effectively a 6.90% increase in the tax rate, as compared to the effective tax rate.

GENERAL FUND

In FY 2021, General Fund revenues are projected to be \$87,000 or .9% lower than the FY 2020 Amended Budget for a total of \$9,545,500. The majority of the budgeted revenue decrease is due to the decrease of sales tax projections due to the pandemic in 2020.

At a total of \$9,224,000, General Fund expenditures are \$387,250, or 4.4% higher than the FY 2020 Amended Budget. The biggest factor in the expenditure increase is a 3% increase to salaries and a 5% increase to health insurance premiums. The FY 2021 Budget also adds one new full-time employee position to the Administration Department and one new full-time employee positions to the Development Services Department.

CAPTIAL IMPROVEMENTS FUND

The FY 2021 Capital Improvements Fund has four major projects totaling \$3,015,000. The first is the Street Upgrade project in the amount of \$1,000,000 for improvements to various streets in the City. The second and third projects are the ongoing sealcoating program for the areas of Horseshoe Bay South in the amount of \$500,000 and Ferguson & Fairways in the amount of \$1,265,000. The fourth project is the infrastructure for broadband internet access at an estimated cost of \$250,000. All these projects are to be funded by Certificates of Obligations supported by ad valorem taxes.

DEBT SERVICE FUND

There is a new debt obligation for 2020 series and a refunding issue in 2020, that refunds the 2011 series. Debt service payments are planned to occur for the 2011, 2014, 2016, 2020 series Certificates of Obligation and the 2020 General Obligation Refunding Series. The I&S tax rate for 2020 is \$0.03473 per \$100 valuation. Most of this debt service is related to financing the improvements to the City's streets and the purchase of two fire engines.

UTILITY FUND

Projected Utility Fund revenues for FY 2021 are \$651,000, or 7.08% higher than the FY 2020 Amended Budget excluding the bond proceeds of \$6,000,000. The majority of the budgeted revenue increase is a 9% rate increase to water and wastewater rates, a 3% rate increase to garbage service rates.

In FY 2021, Utility Fund expenditures are \$265,500 or 3.2% higher than the FY 2020 Amended Budget. The expenditure increase is mainly due to the costs associated with taps, grinders, and contractors doing the installations for all the new construction, a 3% increase to salaries, and a 5% increase to health insurance premiums. The FY 2021 Budget also adds one new full-time position to Utility Administration, one full time position and one part time position to Plant Operations, and one new full time position to Field Operations.

The Utility Fund has a budget of \$2,011,000 for FY 2021 routine capital purchases and projects, which is a decrease of \$3,972,250 or 66.3%, from the FY 2020 Amended Budget. These routine capital purchases and projects include finishing out the multi-year water meter replacement program to move all customers to smart meters, vehicles, and equipment, and replacing the South lift station. Other projects include SCADA system upgrades to the central and west plants. The budget also includes the second year of the Wastewater Reclamation Plant expansion project, which is estimated to cost a total of approximately \$5.6 million. This project was funded by issuing debt through Certificates of Obligation in 2019.

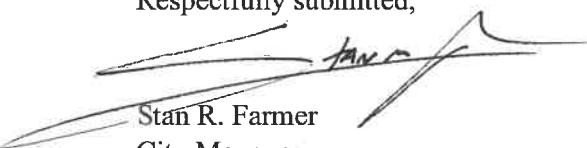
CONCLUSION

The City's overall financial condition is strong and stable. The future will unquestionably provide financial challenges and opportunities, however our continued commitment to sound management of resources, focus on strategic priorities, and continued emphasis on long-range financial planning will facilitate adaptation to changing conditions and strong financial stewardship for the future.

The following budget represents an investment in the City's long-term financial health. The financial program is based on a commitment to the City Council's policies of preserving Horseshoe Bay's quality of life and solid financial position by maintaining sufficient fund balances and reserves and achieving a balanced budget.

Thank you for the opportunity to serve you, our residents, and businesses. We continue to accomplish things uncommon and unimaginable in other cities our size.

Respectfully submitted,


Stan R. Farmer
City Manager

Profile of Horseshoe Bay, Texas

Although the FY 2021 budget document is primarily a financial document, it is also an opportunity to acquaint you with some of the history, highlights, facilities, and economy of Horseshoe Bay, which make it a great place to visit, live, work, and do business.

CITY GOVERNMENT

The City of Horseshoe Bay operates under a Home Rule Charter with a Council-Manager form of government. The governing body, the Horseshoe Bay City Council, is composed of a Mayor elected by a majority vote and five council members elected “at-large” by a plurality vote. The Mayor and Council members serve staggered two-year terms. The Mayor and Council are responsible for casting a vision and direction for the city, enacting legislation in the form of ordinances and resolutions, adopting and amending budgets, making appointments to the boards and commissions, and determining the general policies of the City.

The Horseshoe Bay City Council meets on the third Tuesday of each month at 3:00 p.m. in the council chambers at City Hall, located at 1 Community Drive in Horseshoe Bay, Texas.

HISTORY OF HORSESHOE BAY

Horseshoe Bay is a unique community located on Lake Lyndon B. Johnson on the border of Llano and Burnet Counties. The community began in the early 1970's with land acquisition by cousins Norman and Wayne Hurd who developed it as an upscale retirement community with a private club and some rental units. It included many amenities featuring three golf courses and two dining facilities. Home sites were developed for full-time and part-time citizens, and many of the homes remain in use as seasonal or vacation homes today.

Horseshoe Bay citizens voted to incorporate as a Class A City under Texas law on September 10, 2005. The boundaries of the city followed those of the Lake LBJ Municipal Utility District, with the exception of The Trails and a 20-acre parcel on the corner of Highway 71 and Ranch Road 2821. These were not included because they were annexed shortly after incorporation.

The first Mayor and City Council were elected at a general election November 8, 2005. They were sworn in at Quail Point in ceremonies November 18, 2005. The Council met for the first time on November 22, 2005 and the council elected officers.

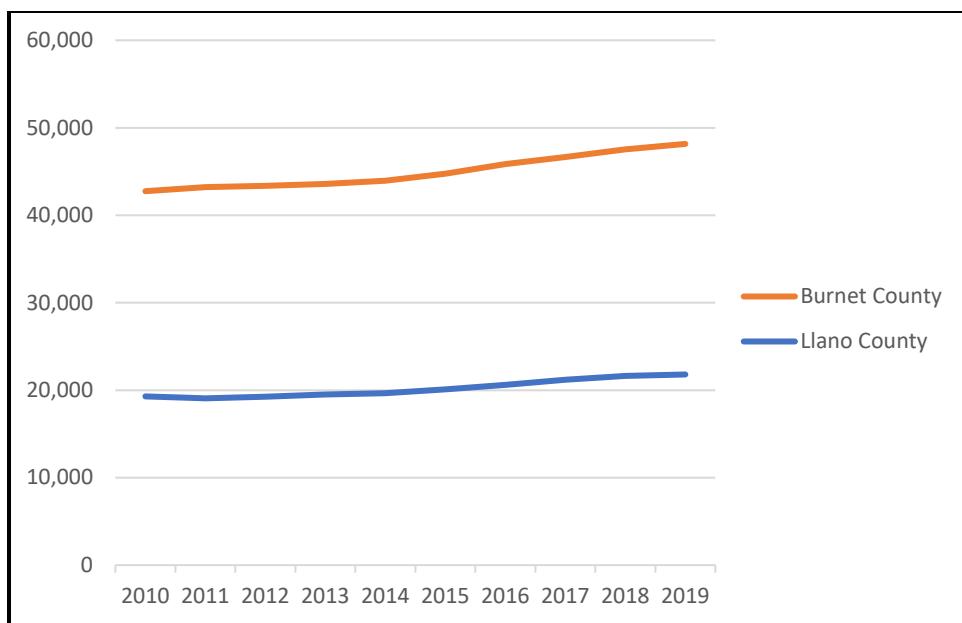


ECONOMY OF HORSESHOE BAY

This section is intended to provide a brief snapshot of the Horseshoe Bay, Llano County, and Burnet County economy. The topics discussed will be the population change in Llano County and Burnet County, the size of the local labor force and unemployment rate, and per capita and household income. Finally, data will be presented which will describe the different industry clusters in Llano County and Burnet County.

Population

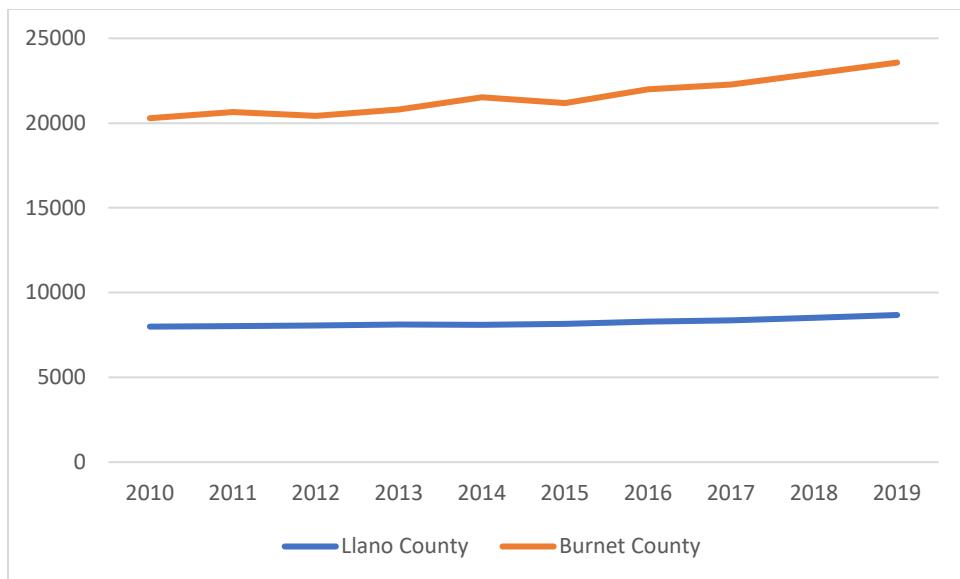
The population of Burnet County has seen slow but steady growth since the 2010 US Census. As the areas outside of the City of Austin continue to develop, Burnet County is beginning to see the impact of that growth. Llano County has very little growth since the 2010 US Census and remains very rural.



Graph 1 – Population Trends in Burnet County and Llano County – 2010 to 2019
Source: Texas Association of Counties

Labor Force

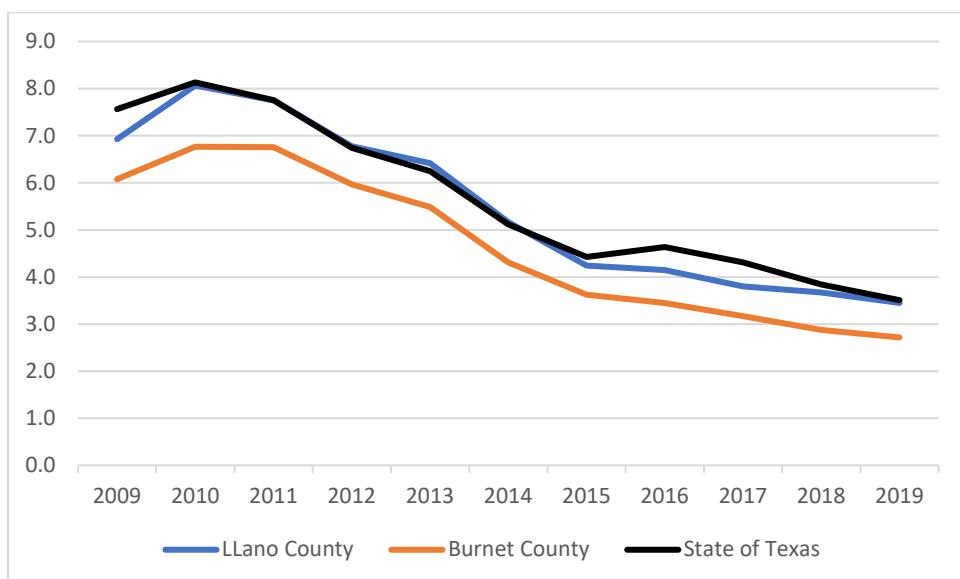
The size of a labor force in a given area can indicate the relative health of the local economy. As graph 2 indicates, the size of the Burnet County labor force declined after the 2009 recession but has increased back up to pre-recession levels at the end of 2016. The size of the Llano County labor force has remained flat, which corresponds with the very small population growth in Llano County over the last 16 years.



Graph 2 – Size of the labor force – Burnet County and Llano County – January 2010 to December 2019
Source: Texas Workforce Commission

Unemployment

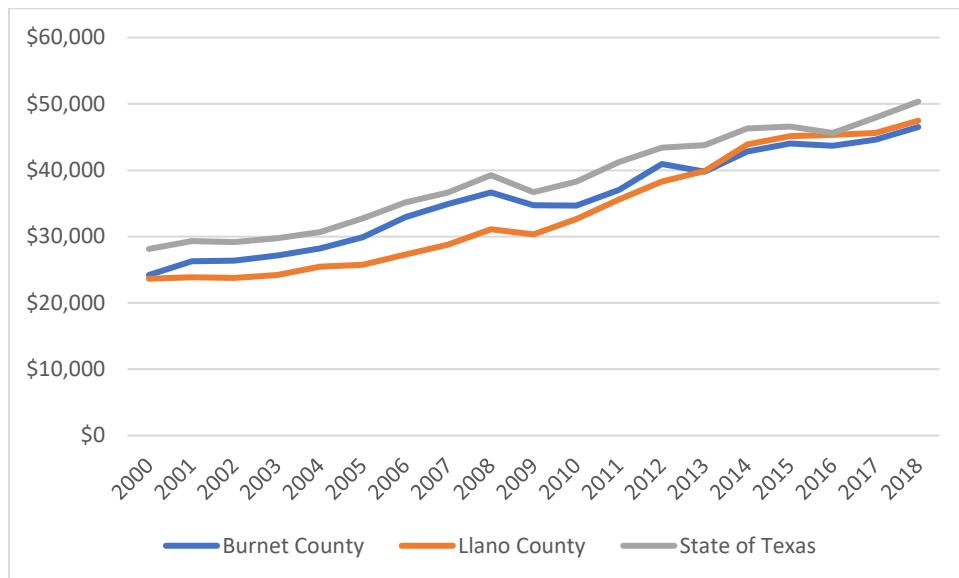
The unemployment rate in Burnet County has consistently been lower than the State of Texas, even during the 2009 recession. Llano County has been close to the State levels throughout the years. Most recently, both Burnet and Llano County have had a continued decrease in unemployment, even as the State has been experiencing a small increase in unemployment.



Graph 3 – Unemployment Rate of Burnet County, Llano County, and State of Texas – Not Seasonally Adjusted
January 2009 to December 2019
Source: Texas Workforce Commission

Income

The per capita income of Burnet County has remained just below the State's. While Llano County was significantly lower than the State's, in the last few years the per capita income of Llano County has increased by 40% from 2010 to 2015.



Graph 4 – Per capita income of Burnet County, Llano County, and the State of Texas – 2000 – 2018
Source: Texas Workforce Commission

Economic Clusters

Economic clusters, according to information from the U.S. Economic Development Administration, are geographic concentrations of competing, complimentary, or interdependent firms and industries that do business with each other and/or have common needs for talent, technology, and infrastructure. This analysis can be beneficial for a small community in an attempt to identify its unique clusters.

For Burnet County, a total of seventeen industrial clusters were identified based on the data accessed. The five strongest industrial clusters in Burnet County are: Construction; Retail Trade; Health Care and Social Assistance; Accommodation and Food Services; and Manufacturing.

Industry	Number of Firms	Number of Employees	Annual Wages
Construction	169	1,106	48,075,000
Retail Trade	169	2,166	57,304,000
Health Care and Social Assistance	119	1,766	80,093,000
Accommodation and Food Services	112	1,599	31,082,000
Professional, Scientific, and Technical Services	91	427	16,240,000

Table 1 – Burnet County Industrial Clusters – 2017
Source: County Business Patterns www.census.gov

For Llano County, a total of sixteen industrial clusters were identified based on the data accessed. The five strongest industrial clusters in Llano County are: Construction; Retail Trade; Healthcare and Social Assistance; Accommodation and Food Services; Wholesale Trade.

Industry	Number of Firms	Number of Employees	Annual Wages
Construction	71	287	11,060,000
Retail Trade	69	535	13,610,000
Health Care and Social Assistance	32	544	18,180,000
Accommodation and Food Services	48	1,177	25,514,000
Professional, Scientific, and Technical Services	40	132	5,672,000

Table 2 – Llano County Industrial Clusters – 2017

Source: County Business Patterns www.census.gov

Major Employers

The Horseshoe Bay local economy has a relatively strong service base. Located in the Highland Lakes area and on Lake Lyndon B. Johnson, the Horseshoe Bay area draws a lot of tourism. The second largest employer is Horseshoe Bay Resort, located in the City. Table 3 lists the major employers in the immediate Horseshoe Bay area.

Employer	Industry	Number of Employees
Marble Falls ISD	Education	680
Horseshoe Bay Resort	Resort/Hotel	585
Baylor Scott & White	Healthcare	445
H.E.B. Grocery Company	Grocery Store	340
Walmart Corporation	Discount Retailer	285
Lowes	Home Improvement	125
Granite Mesa	Healthcare	115
City of Marble Falls	Municipal Government	111
Home Depot Company	Home Improvement	110
Johnson-Sewell Ford Lincoln	Auto Industry	105
City of Horseshoe Bay	Municipal Government	90
Gibraltar	Manufacturing	85
Pedernales Electric Coop.	Electric Coop.	70
Blue Bonnet Café	Restaurant	65
JM Huber	Mining	56

Table 3 – Horseshoe Bay Area Major Employers

Source: Marble Falls Economic Development Corporation

Building Permits as an Indicator

As a source of municipal revenue, building permit receipts are not a major contributor to City coffers. However, they can be used as a measure of the City's growth patterns. As a relatively new city, records for residential building permits begin in 2009. Horseshoe Bay does not currently track commercial building permits. Construction of new homes has been strong since 2014, with new homes averaging over 3,000 square feet. The total number of new homes built in FY 2020 is estimated to be 85. With two major developments in the works, the number of new homes in FY 2021 should be significantly higher.

Year	New Home Construction	
	# Permits	Avg. Sq Ft
FY 2009	23	3,630
FY 2010	15	5,018
FY 2011	14	3,891
FY 2012	25	4,199
FY 2013	36	4,000
FY 2014	48	3,160
FY 2015	49	3,010
FY 2016	63	3,108
FY 2017	80	2,869
FY 2018	94	3,064
FY 2019	92	3,191
FY 2020	85	2,876

Table 4 – Building Permit Issued
Source: City of Horseshoe Bay

Strategic Plan

MISSION STATEMENT:

To serve and protect our citizens while preserving our heritage and planning for our future.

In 2015, the City of Horseshoe Bay created a Long Range Planning Advisory Committee (LRPAC) tasked with updating the City's Comprehensive Plan. In 2016, the Horseshoe Bay City Council adopted the updated Comprehensive Plan that identifies several issues that warrant attention. The list can be condensed into five primary categories: Infrastructure and Technology; Land Use; Economic Development; Environment; and Community Services.

GOAL: ENSURE HIGH QUALITY BROADBAND INTERNET ACCESS TO SUPPORT THE PROFESSIONAL AND SOCIAL NEEDS OF ALL CITIZENS.

Action Items:

1. Establish a Municipal Broadband Committee drawn from local high-level talent in the field and regional resources to explore potential service options
 - a. Inventory existing internet coverage and assess with the City's internal services and the community at large
 - b. Develop an action plan and partnerships to ensure high speed internet services with flexibility for growth
 - c. Develop a recommendation to City Council for consideration to provide increased broadband internet access
2. Leverage regional, state, and industry relationships and identify feasibility options for increased broadband internet access

GOAL: UPDATE LAND USE PLAN FOR COMMERCIAL, RESIDENTIAL, AND OPEN SPACE.

Action Items:

1. Update land use map reflecting desired land use development based on current zoning and LRPAC recommendations
2. Deepen training of new Planning and Zoning Committee members
3. Identify areas with incompatible zoning and areas that do not align with desired map plan
4. Continue to ensure current code enforcement standards are effective and are fully enforced, proactively monitoring and addressing deteriorating buildings
5. Develop transition plan to support the enforcement of all Architectural Compliance Committees' requirements
6. Review existing Parks Plan to explore uses for recreational and historical preservation
 - a. Explore shared park, hiking, and recreational development options
 - b. Explore funding partnerships to support desired uses
7. Continue to research options for additional funding sources, proactively seeking grants, donor pledges, and partnerships

GOAL: MANAGE ECONOMIC GROWTH TO RELFECT THE UNIQUE NATURE OF HORSESHOE BAY AND THE PRESERVATION OF THE RESORT/RETIREMENT CHARACTER OF THE COMMUNITY.

Action Items:

1. Maintain an approach of controlled development that maintains a current lifestyle standard in business and residential properties
2. Support the Horseshoe Bay Business Alliance efforts to sustain and expand existing businesses and services within the City
3. Direct focus of commercial development to align with land use map along high traffic corridors, preserving existing and future residential and recreational developments
4. Advocate for safe and efficient traffic flow, including a continuous turn lane on Highway 2147 through to Highway 71

GOAL: PROTECT THE ENVIRONMENTAL HEALTH AND INTEGRITY OF THE CITY OF HORSESHOE BAY AND THE SURROUNDING AREAS WHICH IMPACT THE QUALITY OF LIFE FOR ITS CITIZENS.

Action Items:

1. Maintain Lake Lyndon B. Johnson's environmental quality through cooperative agreements with Texas Parks and Wildlife Department (TPWD), Texas Center for Environmental Quality (TCEQ), Lower Colorado River Authority (LCRA), Burnet County, and Llano County
2. Continue to emphasize and strengthen proactive actions for Water Conservation and Management, including education tied to plan approval regarding residential and commercial drainage management requirements
3. Support the health of heritage trees and native landscaping through annual reviews and partnerships with Property Owner Associations (POAs), Agriculture Extension Agents, and citizen groups
4. Evaluate the need for a drainage and/or tree ordinance at the city level
5. Evaluate the need for curb-side recycling, in addition to the existing central community recycling option
6. Expand current educational guidance to businesses and residents on preservation and maintenance practices for watering, landscaping, conservation, and protective actions

GOAL: OUTLINE A COMMUNICATION PLAN THAT PROVIDES INFORMATION AND SHOWCASES THE CITY OF HORSESHOE BAY'S COMMITMENT TO QUALITY OF LIFE.

Action Plan:

1. Annually review and publicize the existing inventory of information access options, including NOTIFY ME, CODE RED, and over ten other tools (website, social networks, publications, etc.) for input by citizens and dissemination of topic specific information
2. Implement a Horseshoe Bay 101 Citizens Academy to develop city wide depth of knowledge and access to city functions
3. Conduct annual citizen forums
4. Utilized relationships with POA and resort leaders as conduits for detailed communications for unique needs in all subdivisions of the City

5. Outline financial status for citizens to understand funding implications to support needed infrastructure improvements and/or expanded services, including potential tax and rate incremental increases
 - a. Publicize STATE of the CITY Report by Mayor annually
 - b. Use annual Citizen's Forum to provide oral, visual, and written overview of financial status and funding sources
 - c. Imbed funding overview into Horseshoe Bay Citizen Academy 101
 - d. Provide lay term summary in local newspaper bi-annually
 - e. Develop "snapshot" summary accessible on City website
6. Problem solve with POAs and the Declarant (Horseshoe Bay Resort) in their efforts to maintain subdivision entries, safety and ambiance factors (lighting, signage), and property code compliance reflective of the unique needs of their communities

GOAL: EMBRACE A PROACTIVE ADVOCACY PRESENCE WITH AREA, REGIONAL, AND STATE ORGANIZATIONS TO PURSUE PROTECTION AND ENRICHMENT OF LIFESTYLE NEEDS.

Action Plan:

1. Strengthen expressed concerns/needs to the benefit of the City of Horseshoe Bay and the quality of life expectations of the citizenry through proactive communication and advocacy with:
 - a. Capital Area Planning Council of Governments (CAPCOG)
 - b. Commissioners Court in Burnet and Llano Counties
 - c. Texas Department of Transportation (TxDOT)
 - d. Lower Colorado River Authority (LCRA)
 - e. Area Universities (community education options)
 - f. Municipal leaders in surrounding cities
 - g. State organizations supportive of Texas Municipalities

FUTURE PLANS:

City Council has put together a new Long Range Planning Advisory Committee (LRPAC) to assess and review the progress of the Comprehensive Plan, and to develop new goals and/or action items for the City in FY 2021. The LRPAC members did not serve on the original committee in 2015 and consist mainly of graduates from the Horseshoe Bay Citizen's Academy.

Short Term Factors and Budget Guidelines

The objectives of this budget are to meet the demand level needed to maintain services with the significant growth with revenues that are not growing as quickly while making progress towards and implementing the City's long-range plans. Other significant assumptions include:

- **Conservative, but realistic projection of revenues and expenditures.** Conservative projections help ensure that adequate resources will be available to meet budgeted obligations. There is a built-in conservative emphasis, even in the long-range financial forecast models.
- **Annual review of all significant fees.** Major fees are renewed annually and adjusted as needed. Frequent, but moderate, increases are preferable to infrequent, but large, rate increases.
- **Provide quality essential services to accommodate city growth and demand for services.** The FY 2021 Budget has increases in staffing levels to the Administration Department, Development Services Department, and Utility Services in order to better serve the City's large population growth over the past few years. Keeping response times low and construction times shorter are priorities to the City Council.
- **Maintain competitive tax rates.** Maintaining competitive tax rates is one of the primary goals of the City Council. The City Council held the 2021 tax rate at 0.27, which is the same tax rate adopted in 2020.
- **Maintain target fund balances to preserve financial integrity.** This budget exceeds the targeted fund balance position established by the City Council for the General Fund. This budget also continues on creating and maintaining the new targeted fund balance position for the Utility Fund. Higher levels of unassigned fund balance can be used to fund major capital projects and purchases instead of issuing debt and increasing the tax rate for the citizens.
- **Wage adjustments.** City Council budgeted a 3% increase to salaries for merit raises effective January 1, 2021. City Council has budgeted money for merit increases ranging between 2.5% and 3% over several years.
- **Employee benefits.** The cost of employee insurance benefits has increased by 9.5% in FY 2020 and 5% in FY 2021. City Council has not made any changes to employee benefits.

Long Range Financial Forecast

The goal of the Financial Forecast is to look prospectively to anticipate problems and assess opportunities. This exercise also allows the City Council to plan future goals. Some issues identified in this financial forecast are:

- Fund Balance: Ensuring the City's fund balance and cash reserve position so that it complies with the Fund Balance policy. As the size of the operating budget grows, so too should the fund balance.
- Revenue and Expenses; Each year the City reviews the tax and utility rates as well as analyzes how Horseshoe Bay compares with other communities.
- Debt Capacity and other payment requirements.

This forecast has been prepared to provide the following benefits to City leaders:

1. The forecast can be used by the City Council in orchestrating policy decisions with long term implications.
2. The forecast can serve as an aid to both elected and administrative officials in anticipating future fiscal conditions, so that strategies can be developed, and action implemented to correct, minimize, or counteract these potential difficulties.
3. The forecast can assist the City Manager as well as department directors in operational planning.
4. The long-range forecast can result in more accurate estimates of revenues and expenditures during the annual budget process.
5. The forecast can indicate to bond rating agencies and other interested parties that Horseshoe Bay does have a systematic financial planning process in place.
6. The long-range financial forecast can help the public understand that long-term costs associated with current and proposed City activities that may affect the municipal government of Horseshoe Bay.

FORECAST PREPARATION

A forecast is only one component of a financial planning program. The financial forecast, as presented, does not attempt to predict the future; current economic and regulatory conditions can be volatile indicating the forecast is only as good as its underlying assumptions. However, it is the potential for accuracy and the discussion and deliberation stimulated that is the forecast's true benefit.

The long-range forecast contains many underlying assumptions for each projection. Each section details the assumptions used in projecting revenues and expenditures and in some cases, identifies policy changes or environmental factors that may cause inaccuracy.

Forecasting Methodology

The City of Horseshoe Bay uses three basic techniques to forecast revenue and expenditures: expert judgement, trend analysis, and incremental change.

The expert judgment, also known as the “best guess” approach, is used to project some revenues. This method relies on a variety of experts on the City staff as well as outside sources. Trend analysis assumes that revenues and expenditures are a function of linear factors, most often time. Once revenues or expenditures are separated into line item accounts, the City's future activity can be projected based upon trends experienced over the past several years. At a minimum, data collection over the past five years is used.

Expenditures and revenues are also forecast using an incremental and deterministic model unless specifically denoted. This assumes a consistent level of services, unless otherwise noted, that accounts for inflation yet ignores service enhancement or improvement. Personnel expenditures reflect cost of living adjustments and increases to volatile health insurance costs, as well as staffing increases. The forecast separates expenditures by prime accounts and provides for an annual inflation factor.

General Fund Revenue Assumptions

Property tax collections are projected using the following assumptions and methodology:

- The net taxable values for FY 2021 are certified and provided by the Llano County Appraisal District (LCAD) and the Burnet County Appraisal District (BCAD).
- The net taxable values for FY 2022 through FY 2025 are calculated at a 6% annual increase. This amount reflects a conservative actual trend of growth which is supported by a significant increase in new construction offset by depreciation in existing properties.
- The property tax revenue and tax rate projections are based on the maximum tax increase allowed by current state laws.

Sales tax revenues are projected to increase by approximately \$60,000 for years FY 2022 and FY 2023, then it increases to approximately \$80,000 each year through the forecast period. Sales tax revenues decreased 15% in FY 2020 because of COVID-19. Mixed beverage tax revenues are projected to increase by approximately \$2,500 each year throughout the forecast period.

Franchise revenues were examined at a line item level. Historically, the electricity franchise has generated revenue in a tight range; with little projected growth this trend will continue. The cable franchise revenues have been holding steady, even with more customers nationwide switching to non-franchise collected satellite services and streaming services. The topography of the area makes cable services more reliable than satellite, and the current lack of high-speed internet in Horseshoe Bay limits the option of television streaming service options. As the City is currently working on bringing high-speed internet services to the residents of Horseshoe Bay, there could eventually be a decrease in the cable franchise revenues.

Each year the Utility Fund transfers funds to the General Fund to offset the costs of administering the Utility Department. This year we analyzed the true costs associated with the administration of the Utility Department and the amount was decreased by \$197,000 for FY 2021. The transfer is expected to increase in proportion to rising costs of administrative employees, insurance costs, and services such as attorney and audit fees. The forecast model uses an annual increase of 3%.

The revenue streams of Municipal Court, Development Services, Emergency Services, Mowing and Clearing, Street Maintenance, Interest, and Miscellaneous are all expected to be stable with little variation over the forecast period.

General Fund Expenditure Assumptions

Salary costs of current positions are expected to increase by approximately 3% each year, based on historical data. This includes increases to wages, employment taxes, and employer retirement contributions. Health insurance premiums are projected to increase 11% each year, which has been the average increase over several years. The personnel expense projections also include new positions and the estimated costs with each of those positions. As the population of Horseshoe Bay continues to grow each year, the City is having to add personnel to accommodate the growth. Department heads review their staffing needs and project on a 5-year basis to determine when those new positions may need to be added.

Operating expenses were projected line by line by each department head. As experts in their own fields, the department heads are in the best position to estimate what is needed for the departments over the next five years. Routine capital expenses are derived from the City's 5 Year Capital Improvement/Needs Assessment Plan, which were also developed by each department's individual needs.

Utility Fund Revenue Assumptions

For the purposes of this forecast, the following are assumed for Utility Fund revenue projections:

- Water service fees will increase 9% in FY 2021 to cover increasing operational and routine capital expenses. Water service fee rates are estimated to increase 8% in FY 2022, 5% in FY 2023, and 0% in FY 2024-FY 2025. With these rate increases, the Utility Fund is projected to meet the City's financial goal of 3-month operational cash reserve beginning in FY 2024.
- Wastewater service fee revenues will increase 9% in FY 2021 to cover increasing operational and routine capital expenses. Wastewater service fee rates are estimated to increase 8% in FY 2022, 5% in FY 2023, and 0% in FY 2024-FY 2025. With these rate increases, the Utility Fund is projected to meet the City's financial goal of 3-month operational cash reserve beginning in FY 2024.
- Solid Waste revenues will increase 3% each year as per the City's contract with the garbage collection company.
- Other revenues are expected to remain constant or have a minimal increase of 2%-3% over the forecast period.

Utility Fund Expenditure Assumptions

Salary costs of current positions are expected to increase by approximately 3% each year, based on historical data. This includes increases to wages, employment taxes, and employer retirement contributions. Health insurance premiums are projected to increase 11% each year, which has been the average increase over several years. The personnel expense projections also include new positions and the estimated costs with each of those positions. As the population of Horseshoe Bay continues to grow each year, the City is having to add personnel to accommodate the growth. Department heads review their staffing needs and project on a 5-year basis to determine when those new positions may need to be added.

Operating expenses were projected line by line by the supervisors and the department head. As experts in their own fields, the supervisors and department head are in the best position to estimate what is needed for the departments over the next five years. Debt Service expenses reflect the City's issuance of Certificates of Obligations in the amount of \$6 Million in FY 2020 to fund major projects for the Wastewater Plant. Routine capital expenses are derived from the City's 5 Year Capital Improvement/Needs Assessment Plan, which were also developed by each department's individual needs.

General Fund Revenue Forecast

	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	Estimated FY 2020	Projected FY 2021	Projected FY 2022	Projected FY 2023	Projected FY 2024	Projected FY 2025
Property Taxes	3,922,322	4,237,903	4,672,160	5,060,000	5,382,000	5,517,882	5,914,748	6,333,168	6,771,210
Property Taxes - P&I	24,229	30,548	34,687	35,000	34,000	34,750	35,500	36,250	37,000
Sales Taxes	932,331	1,297,646	1,581,453	1,409,500	1,437,750	1,495,350	1,555,074	1,632,815	1,714,343
Mixed Beverage Taxes	84,114	100,287	109,964	57,000	85,000	87,500	90,250	93,000	95,750
Emergency Services	449,244	389,998	420,113	391,250	374,000	384,250	401,750	430,000	439,250
Franchise Fees	200,870	224,103	241,446	223,000	239,000	243,310	247,622	250,187	252,755
Development Services	136,718	204,818	281,024	304,250	311,250	317,750	333,037	349,114	365,983
Municipal Court	107,095	78,177	95,067	90,500	85,000	97,250	100,000	102,564	105,000
Transfers	617,184	634,000	702,333	749,000	552,000	568,460	585,426	602,900	620,879
Interest	42,670	96,480	113,604	45,000	45,000	46,400	47,782	49,145	50,740
Mowing & Clearing	501,963	552,958	625,403	472,500	455,000	460,000	510,000	520,000	520,000
Street Maintenance	588,624	468,217	512,255	502,250	487,250	506,750	527,000	548,000	570,000
Miscellaneous	19,069	110,882	47,438	72,000	58,250	40,250	40,250	40,250	40,250
TOTAL	7,626,434	8,426,016	9,436,947	9,411,250	9,545,500	9,799,902	10,388,438	10,987,394	11,583,160

General Fund Expenditure Forecast

	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	Estimated FY 2020	Projected FY 2021	Projected FY 2022	Projected FY 2023	Projected FY 2024	Projected FY 2025
Personnel Costs	4,507,495	4,873,042	5,359,683	5,754,000	6,198,500	6,521,639	6,852,613	7,200,590	7,662,991
Operating Expenses	2,258,083	2,266,803	2,592,685	2,695,000	3,025,500	2,936,252	3,029,249	3,130,501	3,249,000
Routine Capital Expenses	88,860	274,656	519,060	348,000	246,000	450,000	252,000	108,000	120,000
TOTAL	6,854,438	7,414,501	8,471,428	8,797,000	9,470,000	9,907,891	10,133,862	10,439,092	11,031,991

General Fund Excess/(Deficit) Forecast

	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	Estimated FY 2020	Projected FY 2021	Projected FY 2022	Projected FY 2023	Projected FY 2024	Projected FY 2025
Revenues less Expenditures	771,996	1,011,515	965,519	614,250	75,500	(107,989)	254,577	548,302	551,169
Less: Transfer to Capital Improvements Fund for Capital Projects			(1,511,480)	(857,062)				(750,000)	(900,000)
Less: Transfer to UF (Zebra Mussel Treatment)			-	(41,000)	(309,000)				
Estimated Ending Fund Balance			3,614,203	3,330,391	3,096,891	2,988,902	3,243,479	3,041,781	2,692,949
Less: Restricted Fund Balance			(2,500,000)	(2,500,000)	(2,500,000)	(2,500,000)	(2,500,000)	(2,582,773)	(2,727,998)
Less: Restricted PEG Reserve Fund Balance			(21,310)	(27,310)	(33,310)	(40,310)	(46,310)	(52,310)	
Less: Restricted Friends of Fuchs House Fund Balance			(35,514)	(35,514)	(35,514)	(35,514)	(35,514)	(35,514)	
Estimated Ending Unassigned Fund Balance			1,114,203	773,567	534,067	420,078	667,655	377,184	(122,872)
Est. Property Tax Rate:			0.26702	0.27000	0.27000	0.27000	0.27000	0.27000	0.27000

Utility Fund Revenue Forecast

	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	Final FY 2020	Projected FY	Projected FY	Projected FY	Projected FY	Projected FY
					2021	2022	2023	2024	2025
Water Service Revenues	3,670,188	3,822,770	4,166,949	4,571,750	4,953,250	5,314,440	5,564,724	5,583,551	5,603,170
Wastewater Service Revenues	2,526,791	2,798,483	3,059,028	9,192,500	3,471,000	3,790,630	3,963,374	3,994,874	4,027,374
Solid Waste Service Revenues	891,037	900,318	997,728	1,090,500	1,117,500	1,151,137	1,185,567	1,221,039	1,257,805
Other Revenues	186,697	469,343	248,070	404,750	295,750	296,500	297,250	298,000	298,750
TOTAL	7,274,713	7,990,914	8,471,775	15,259,500	9,837,500	10,552,707	11,010,915	11,097,464	11,187,098

Utility Fund Expenditure Forecast

	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	Final FY 2020	Projected FY				
					2021	2022	2023	2024	2025
Personnel Costs	1,862,512	1,952,734	2,201,657	2,178,750	2,513,748	2,680,736	2,899,472	3,082,362	3,275,117
Operating Expenses	3,460,362	3,871,572	4,175,228	4,362,750	4,529,252	4,436,179	4,492,251	4,578,000	4,659,999
Debt Service Obligations	1,342,270	1,324,806	1,327,056	1,442,000	1,463,000	1,711,750	1,709,250	1,721,500	1,721,000
Routine Capital Expenses	817,889	458,250	618,394	490,750	702,000	771,000	481,700	406,000	238,000
TOTAL	7,483,033	7,607,362	8,322,335	8,474,250	9,208,000	9,599,665	9,582,673	9,787,863	9,894,116

# of months Personnel, Operating & Routine Cap	0.54	0.38	1.56	2.49	2.73	3.87	5.08	6.73
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Utility Fund Excess/(Deficit) Forecast

	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	Final FY 2020	Projected FY	Projected FY	Projected FY	Projected FY	Projected FY
					2021	2022	2023	2024	2025
Revenues less Expenditures	(208,320)	383,552	149,440	6,785,250	629,501	953,042	1,428,242	1,309,601	1,292,982
Add: CO Funds for Major Projects									
Less: Major Capital Expenses	\$ (1,116,643)	\$ (242,366)	\$ (5,041,000)	\$ (1,309,000)	\$ (795,000)	\$ (620,000)	\$ (450,000)	\$ (500,000)	
Less: Use of Unrestricted Reserves			(300,000)						
Add: Use of Restricted funds Rate Stabilization Account		300,000							
Add: Transfer from General Fund		-	41,000	309,000	-	-	-	-	
Estimated Ending Fund Balance	312,870	219,944	2,005,194	1,634,695	1,792,737	2,600,979	3,460,581	4,753,563	
Less: Restricted Fund Balance (CO funds)			(1,000,000)						
Estimated Ending Unrestricted Fund Balance	312,870	219,944	1,005,194	1,634,695	1,792,737	2,600,979	3,460,581	4,753,563	
Est. Annual Rate Increase %:				15%	9%	8%	5%	0%	0%

FUND BALANCE

The City revised its Fiscal Administration Policy in FY 2017 and FY 2018. The Policy directs General Fund reserve balances to be a minimum of the greater of \$2.5 million or 3 months of annual expenditures. The Policy also directs the Utility Fund to begin creating a cash reserve not to exceed 3 months of personnel and general operating expenditures. City Council recognizes it will take several years to create the cash reserve in the Utility Fund without exorbitant increases to water and wastewater rates.

However, the City's actual cash position will always be different than the amount reflected in the financials. Included in reported fund balance are various receivables and other non-cash assets. It is important to note that the fund balance position is not a true cash position.

A growth in expenditures without corresponding balance growth would bring the City closer to non-compliance with the policy. The City will need to identify options for maintaining sufficient fund balances to comply with this policy. For example, for every \$100,000 in expenditure growth, an additional \$25,000 would need to be added to the reserve balance.

TAX RATE AND DEBT SERVICE

Tax Supported Debt

The City has four debt instruments serviced through the property tax supported debt service fund. The 2020 Refunding CO's was to refund the 2011 CO's. The only purpose for the refunding was for cost savings on interest due to lower rates. The forecast period's debt schedule is shown below.

General Fund Supported Debt - Principal and Interest

Year	2011 CO's	2014 CO's	2016 CO's	2020 Refunding CO's	Annual Total
2020	360,364	297,896	119,250	46,294	823,804
2021		304,696	122,350	383,650	810,696
2022		306,346	119,350	387,350	813,046
2023		307,896	121,350	385,550	814,796
2024		308,896	118,200	386,450	813,546
2025		308,871	119,000	390,150	818,021
2026		308,246	119,600	393,650	821,496

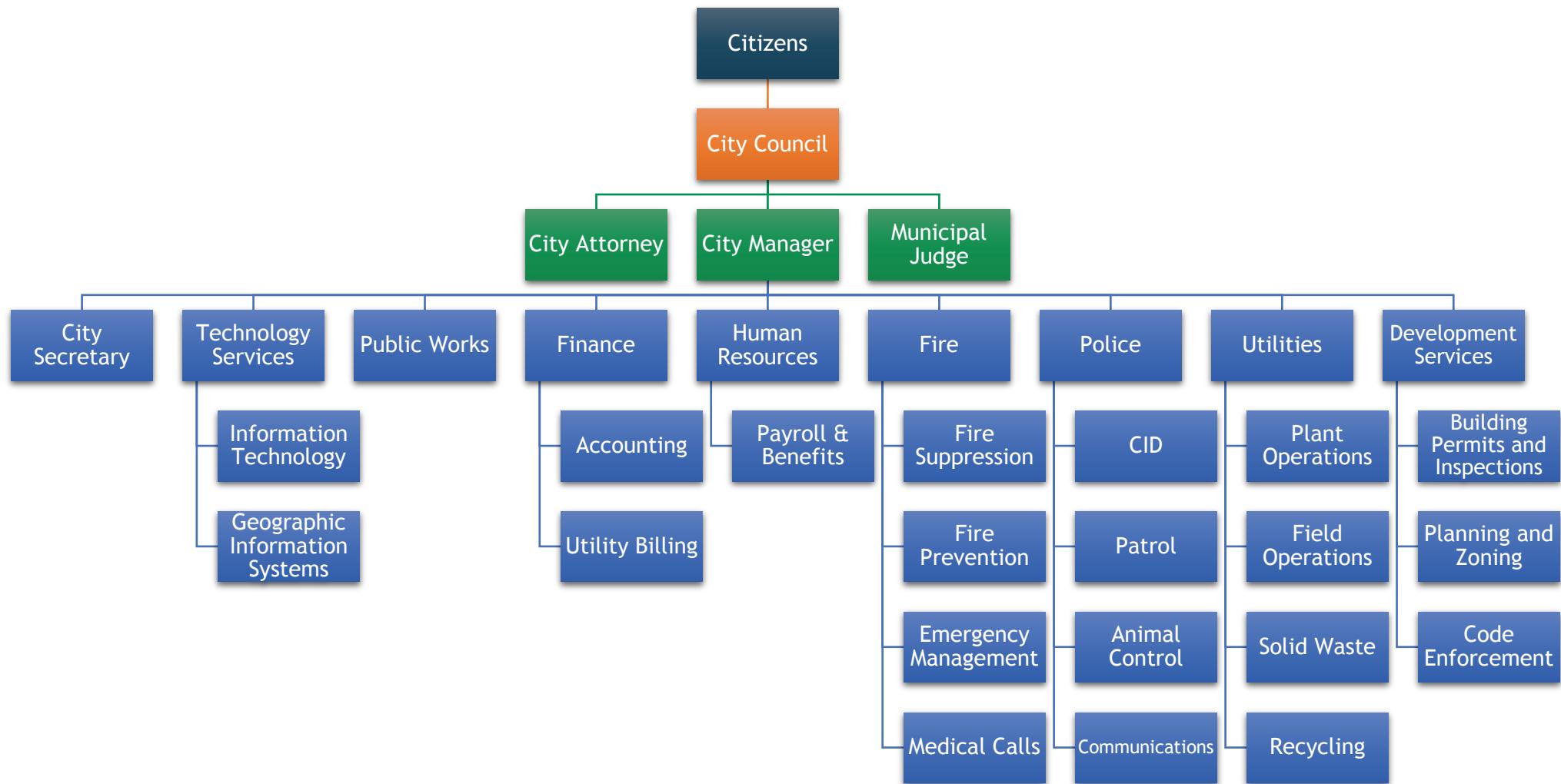
Utility Fund Debt

The Utility Fund has four debt instruments, including refunding bonds for debt that was inherited from the Lake LBJ Municipal Utility District when the City incorporated in 2005. The 2016 CO's payments are paid for through the Summit Rock Public Improvement District. The assessments are collected annually through the property owners' property tax bills. The 2019 CO's was issued for the Wastewater Plant expansion and is being repaid from the Utility Fund. The forecast period's debt schedule is shown below.

Utility Fund Supported Debt - Principal and Interest

Year	2007 CO's	2011 CO's	2014 CO's	2016 CO's	2019 CO's	2020 Refunding CO's	Annual Total
2020	543,066	231,420	265,735	251,000	121,123	29,281	1,441,625
2021	547,108		267,885	247,700	156,850	243,700	1,463,243
2022	545,342		269,935	247,750	406,850	241,600	1,711,477
2023	542,970		266,935	247,650	406,850	244,200	1,708,605
2024	544,992		268,498	252,400	406,450	248,400	1,720,740
2025	546,206		274,085	249,400	405,650	244,400	1,719,741
2026	546,612		269,135	251,200	409,450	240,400	1,716,797

Organizational Chart



Staffing Chart

Department	Job Title	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
GENERAL FUND						
Administration	City Manager	1	1	1	1	1
	City Secretary	1	1	1	1	1
	Records & Information Manager	0	0	0	0	1
	Finance Director	1	1	1	1	1
	Accounting Supervisor	1	1	1	1	1
	Accounting Clerk	2	2	0.5	0.5	0.5
	Finance Administrative Assistant	0	0	0	1	1
	HR Administrator	0	0	1	1	1
	HR Director	1	1	1	1	1
	Municipal Court Clerk	0.5	0.5	0.5	0.5	0.5
	Subtotal - Administration	7.5	7.5	7	8	9
Technical Services	IT Administrator	0	1	1	1	1
	GIS Administrator	0	1	1	1	1
	Subtotal - Technical Services	0	2	2	2	2
Fire Department	Fire Chief	1	1	1	1	1
	Assistant Fire Chief	1	1	1	1	1
	Captain	3	3	3	3	3
	Lieutenants	3	3	3	3	3
	Engineer	6	6	6	6	6
	Firefighter	3	3	6	9	9
	Part Time Firefighter	7.5	7.5	2	1.5	0
	Subtotal - Fire Department	24.5	24.5	22	24.5	23
Police Department	Police Chief	1	1	1	1	1
	Assistant Police Chief	1	1	1	1	1
	Captain	1	1	1	1	1
	Lieutenant	2	2	2	2	2
	Detective	3	3	3	3	3
	Police Sergeant	2	2	2	2	2
	Police Officer	8	8	8	8	10
	Animal Control Officer	1.5	1.5	1.5	1.5	1.5
	Dispatcher	2.5	2.5	2.5	3	3
	Subtotal - Police Department	22	22	22	22.5	24.5

Department	Job Title	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Development Services	Development Services Director	1	1	1	1	1
	Assistant Planner	0	1	1	1	1
	Dev. Services Superv./Dep. Bldg Official	0	0	0	0	1
	Code Enforcement Officer	1	1	1	1	1
	Code Compliance Officer	0	0	0	1	1
	Dev. Services Adminim. Assistantt	0	0	0	0	1
	Development Services Technician	1.5	1.5	2	2	1
Subtotal - Development Services		3.5	4.5	5	6	7
Public Works	Public Works Director	0	1	1	1	1
	Public Works Assistant	0	0	0	1	1
	Project Manager	1	0	0	0	0
	Subtotal - Street Maintenance	1	1	1	2	2
TOTAL GENERAL FUND		58.5	61.5	59	65	67.5
UTILITY FUND						
Administration	Utilities Director	1	1	1	1	1
	Technical Administrator	1	1	1	1	1
	Water Conservation/Inspector	1	1	1	1	1
	Purchasing Coordinator	0	0	0	1	1
	Dispatcher	0	0	0	1	1
	Utilities Office Manager	1	1	1	1	1
	Customer Service Clerk	2	2	2	2	2
	Admiinistrative Assistant	0	0	0	0	1
Subtotal - Administration		6	6	6	8	9
Plant Operations	Plant Operations Supervisor	1	1	1	1	1
	Plant Operator	4	4	4	4	4
	Water Quality Technician	1	1	1	1	1
	Chief Operator	1	1	1	1	1
	Maintenace Operator	0	0	0	0	1
	SCADA Technician	1	1	1	1	1
	Recycle Monitor - Full Time	1	1	1	1	1
	Recycle Monitor - Part Time	0.5	0.5	0.5	0.5	1
Subtotal - Plant Operations		9.5	9.5	9.5	9.5	11

Department	Job Title	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Field Operations	Field Operations Supervisor	1	1	1	1	1
	Crew Lead	2	2	2	2	2
	Field Operator	9	9	9	9	9
	Field Technician	1	1	1	1	1
	Warehouse Technician	0	0	0	0	1
Subtotal - Field Operations		13	13	13	13	14
TOTAL UTILITY FUND		28.5	28.5	28.5	30.5	34
TOTAL FULL-TIME & PART-TIME CITY EMPLOYEES (100 full time, 3 part time)		87	90	87.5	95.5	101.5

Budget Format

The budget format for the FY 2021 Budget is the fourth year of the newly adopted format. This budget document seeks to present much more information for the reader to better understand the operations of the City of Horseshoe Bay.

The information included in the budget is organized into columns (financial data over time) and budget units. The financial information contained in the budget is as follows.

FY 2018 Final Actuals – Actual revenues, expenditures, and fund balances recorded for the period ending September 30, 2018.

FY 2019 Final Actuals – Actual revenues, expenditures, and fund balances recorded for the period ending September 30, 2019.

FY 2020 Amended Budget – The budget as approved and amended by the City Council for the current fiscal year ending September 30, 2020, including revenues, expenditures, and fund balances.

FY 2020 Projected Actuals – Estimated revenues, expenditures, and fund balances recorded for the period ending September 30, 2020.

FY 2021 Adopted Budget – Budgeted amounts for each category for the fiscal year ending September 30, 2021.

Budget Process

The budget process began with requests to the different department heads for budget proposals and capital requests. City staff consolidated those requests and compared them to revenue estimates for the upcoming year. The City Council held extensive budget workshops to prioritize the budget requests and to provide their input on funding priorities.

A more detailed budget calendar is listed on the next page.

Budget Adoption

The budget must be adopted by the City Council prior to October 1 each year in order to set the property tax rate. Public hearings are held and when completed, it is given final approval by the Mayor and City Council.

Amending the Budget

As the fiscal year progresses, situations may sometimes arise that were not anticipated and affect the budget. From time to time, the City Manager may present the council with requests for budget amendments.

Budget Calendar

April 13, 2020 – Draft budget format sent to Department Heads

May 11, 2020 – Department Heads return first departmental drafts to Finance Director

May 14 - 19, 2020 – Department Heads meet with Finance Director to discuss submissions, make revisions as necessary

June 5, 2020 – Final department budget drafts due to City Manager

June 8 – 19, 2020 – City Manager and Finance Director review budget data with Department Heads; Budget book development begins

June 22 – 26, 2020 – City Manager reviews budget data with Mayor

June 30, 2020 – Final consolidated proposed budget is provided to City Council

July 20, 2020 – City Council holds the first budget workshop

August 14, 2020 – Proposed budget is filed with the City Secretary and is available for public review

August 25, 2020 – City Council holds the second budget workshop

September 15, 2020 – City Council adopts tax levy and proposed budget

October 1, 2020 – New budget is implemented

For More Information

The budget document summarizes and condenses a substantial amount of information in order to avoid a cumbersome document. However, there are times that more detailed information may be needed or further explanation required. In these instances, citizens and users may contact City Hall at 830-598-9907 to have their questions answered. City Hall is open Monday through Friday from 8:00 a.m. to 5:00 p.m.

For additional information about the City, to download important forms and applications, and to view meeting agendas please visit the City of Horseshoe Bay website at www.horseshoe-bay-tx.gov.

Budget Philosophy

The City Council annually adopts a spending and tax collection plan to fund service provisions for the citizens and businesses of Horseshoe Bay. The Council has made taxing and spending decisions operating with established principles or philosophical foundation. These values provide guidance for staff in developing the City's budget.

1. To link comprehensive and strategic plan components to the annual operating budget.
2. The realignment of organizational priorities to focus more efforts on those capital projects that will affect long term growth of the City. These projects include:
 - a. Quality of life projects (parks, trails, etc.) that seek to make Horseshoe Bay a more desirable place to live.
 - b. Sustainable growth projects (water/wastewater system upgrades, streets, etc.).
3. Providing a reasonable property tax rate that minimizes the property tax burden on citizens and commercial property.
4. Sustaining current levels of service that our citizens have come to expect of Horseshoe Bay.
5. Ensuring a competitive city workforce by maintaining a competitive pay and benefits schedule.
6. The moderate growth of financial reserves to a targeted level, to ensure that the City has sufficient cash to continue operations through a short-term disruption of income. This is to ensure our ability to provide uninterrupted services during times of disaster or short-term economic decline.
7. Continue to be good stewards of the tax payer's money by keeping a balanced budget where expenditures do not exceed revenue and maintaining a solid credit rating.

Fund Structure and Basis of Budgeting

The City of Horseshoe Bay uses multiple funds through which to accomplish its goals. Governmental funds are used to account for the City's general service provision activities and use the modified accrual basis of budgeting. Most City departments receive their funding from these Governmental Funds. The City's Governmental Funds include:

- General Fund – This fund includes major financial resources of the City except those required to be accounted for in another fund. Major funding sources include property taxes, sales tax, franchise fees, contracts with other entities, and transfers from other funds.
- Debt Service Fund – This fund is budgeted to service the repayment of principal and interest expenses relating to the various tax supported debt instruments the City has issued.
- Capital Improvement Fund – All capital projects (e.g. bond funded projects) are operated through this fund. Utility capital projects are not operated through this fund.

Proprietary Fund types use the accrual basis of budgeting. Revenues are recorded when earned and expenses are recognized when liabilities are incurred. The City's Proprietary Funds include:

- Enterprise Fund – The Utility Fund is budgeted to account for those City operations that mirror a private business, where the intent is to provide a good or service to customers which are financed through user charges. This budget is presented as a modified accrual basis to enhance the understanding of how funds are used.

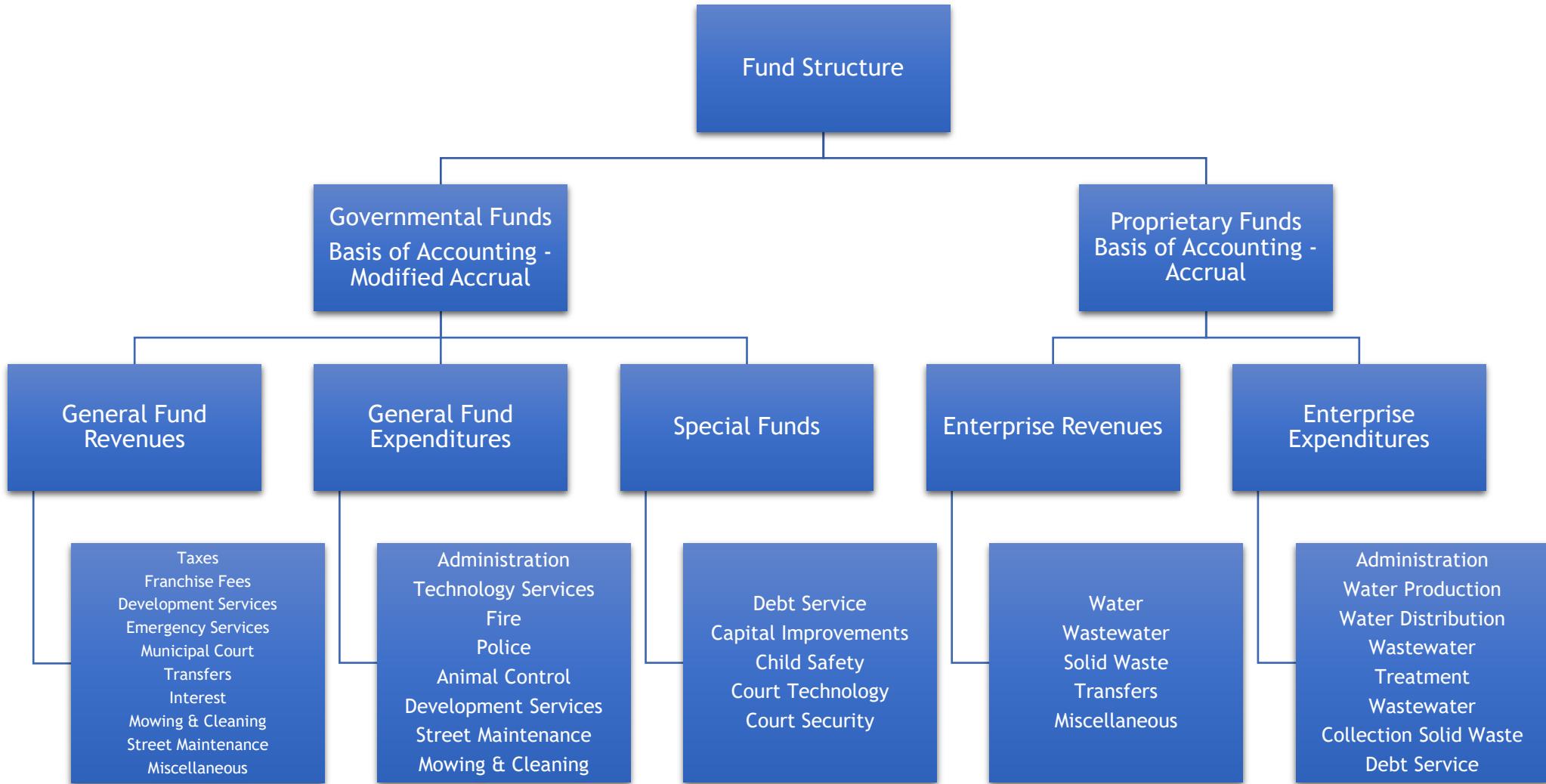
Basis of Accounting

Basis of accounting refers to the point in time where revenues and expenditures are recognized in the City's financial system and statements.

The modified accrual basis of accounting recognizes revenues when they become available and recognizes liabilities when they are incurred. The Governmental Funds use this basis of accounting.

The accrual basis of accounting recognizes events regardless of when the transaction occurs. The concept is to match incoming revenues to outgoing expenses when a transaction occurs rather than when cash is exchanged. The benefit of this approach is to provide a longer-term view of the City's financial position. The Proprietary Funds use this basis of accounting.

Fund Structure



Consolidated Fund Presentation

	Governmental Fund Types						Enterprise Fund Types	TOTAL
	General Fund	Debt Service	Capital Improvement Fund	Child Safety Fund	Court Technology Fund	Court Security Fund		
PROJECTED BEGINNING BALANCE	3,330,392	101,490	-	29,003	2,781	(1,980)	1,005,194	4,466,880
REVENUES								
Taxes	7,178,000	815,500	-				-	7,993,500
Permits and Licenses	311,250	-	-				-	311,250
Charges for Service	1,295,750	-	-				9,435,000	10,730,750
Fines and Penalties	85,000	-	-	6,500	1,000	1,000	30,500	124,000
Interest	45,000	4,500	2,500				25,000	77,000
Miscellaneous Receipts	78,500	-	-				347,000	425,500
Bond Proceeds	-	-	4,000,000				1,000,000	5,000,000
Transfers	552,000	-					309,000	861,000
Total Revenues	9,545,500	820,000	4,002,500	6,500	1,000	1,000	11,146,500	25,523,000
TOTAL RESOURCES	12,875,892	921,490	4,002,500	35,503	3,781	(980)	12,151,694	29,989,880
EXPENDITURES								
Personnel	6,335,500	-	-				2,577,250	8,912,750
Supplies	405,500	-	-	-			602,500	1,008,000
Contractual	1,763,250	-	-				2,116,000	3,879,250
Utilities	72,000	-	-				334,500	406,500
Sundry	314,000	-	235,000	6,000	1,500		202,750	759,250
Maintenance	333,750	-	-				658,000	991,750
Capital	246,000	-	3,015,000				2,011,000	5,272,000
Fund Transfers	309,000	-	-				552,000	861,000
Debt Service	-	872,722	-				1,463,000	2,335,722
Total Expenditures	9,779,000	872,722	3,250,000	6,000	1,500	-	10,517,000	24,426,222
REVENUE OVER/(UNDER) EXPENDITURES								
	(233,500)	(52,722)	752,500	500	(500)	1,000	629,500	1,096,778
ENDING BALANCE	3,096,892	48,768	752,500	29,503	2,281	(980)	1,634,693	5,563,658



CITY OF HORSESHOE BAY
FY 2021 General Fund Budget - 02

Estimated Beginning Fund Balance:	\$ 5,409,304	\$ 4,160,164	\$ 3,614,204	\$ 3,614,204	\$ 3,330,392
	FY 2018 Final Actuals	FY 2019 Final Actuals	FY 2020 Amended Budget	FY 2020 Projected Actuals	FY 2021 Adopted Budget
Revenues:					
Administration	\$ 823,059	\$ 843,734	\$ 873,250	\$ 911,250	\$ 695,000
Fire	\$ 320,888	\$ 369,399	\$ 335,000	\$ 345,750	\$ 344,500
Emergency Service District	\$ 9,000	\$ 9,000	\$ 9,000	\$ 9,000	\$ 9,000
Tax	\$ 5,717,528	\$ 6,414,893	\$ 6,754,000	\$ 6,583,250	\$ 6,972,500
Police	\$ 60,110	\$ 41,714	\$ 30,000	\$ 36,500	\$ 20,500
Development Services	\$ 204,818	\$ 281,024	\$ 238,500	\$ 304,250	\$ 311,250
Public Works	\$ 641,175	\$ 738,176	\$ 693,750	\$ 703,750	\$ 692,750
Mowing & Clearing	\$ 552,958	\$ 625,403	\$ 525,000	\$ 472,500	\$ 455,000
Interest Income	\$ 96,480	\$ 113,604	\$ 100,000	\$ 45,000	\$ 45,000
Total Revenues	\$ 8,426,016	\$ 9,436,947	\$ 9,558,500	\$ 9,411,250	\$ 9,545,500
Expenditures:					
Administration	\$ 1,562,830	\$ 1,713,025	\$ 1,931,750	\$ 1,813,750	\$ 2,013,250
Technology Services	\$ 194,744	\$ 212,644	\$ 245,500	\$ 189,500	\$ 319,250
Fire	\$ 2,010,628	\$ 2,382,627	\$ 2,441,500	\$ 2,465,250	\$ 2,502,000
Police	\$ 1,834,953	\$ 1,881,470	\$ 2,133,500	\$ 2,061,250	\$ 2,209,250
Animal Control	\$ 179,933	\$ 193,250	\$ 216,000	\$ 158,500	\$ 200,750
Development Services	\$ 477,243	\$ 500,258	\$ 679,250	\$ 636,750	\$ 785,000
Public Works	\$ 348,961	\$ 419,956	\$ 589,250	\$ 519,000	\$ 609,500
Mowing & Clearing	\$ 530,553	\$ 649,138	\$ 600,000	\$ 605,000	\$ 585,000
Total Expenditures	\$ 7,139,845	\$ 7,952,368	\$ 8,836,750	\$ 8,449,000	\$ 9,224,000
Capital Purchases	\$ 274,656	\$ 519,060	\$ 410,000	\$ 348,000	\$ 246,000
Total Capital Purchases	\$ 274,656	\$ 519,060	\$ 410,000	\$ 348,000	\$ 246,000
Revenues Less Expenditures	\$ 1,011,515	\$ 965,519	\$ 311,750	\$ 614,250	\$ 75,500
Estimated Ending Fund Balance (before transfers):	\$ 6,374,823	\$ 4,471,914	\$ 3,925,954	\$ 4,228,454	\$ 3,405,892
Less: Transfer to Capital Improv. Fund	\$ 2,260,655	\$ 1,511,480	\$ 1,120,600	\$ 857,062	\$ -
Less: Transfer to Utility Fund			\$ 350,000	\$ 41,000	\$ 309,000
Estimated Ending Fund Balance:	\$ 4,160,164	\$ 3,614,204	\$ 2,455,354	\$ 3,330,392	\$ 3,096,892
Less: Restricted Reserve Fund Balance			\$ 2,500,000	\$ 2,500,000	\$ 2,500,000
Less: Restricted PEG Reserve Fund Balance			\$ 21,310	\$ 21,310	\$ 27,310
Less: Restricted Friends of Fuchs House Fund Balance			\$ 35,514	\$ 35,514	\$ 35,514
Estimated Ending Unrestricted Fund Balance:	\$ (101,470)	\$ 773,568	\$ 534,068		

General Fund Revenue Overview

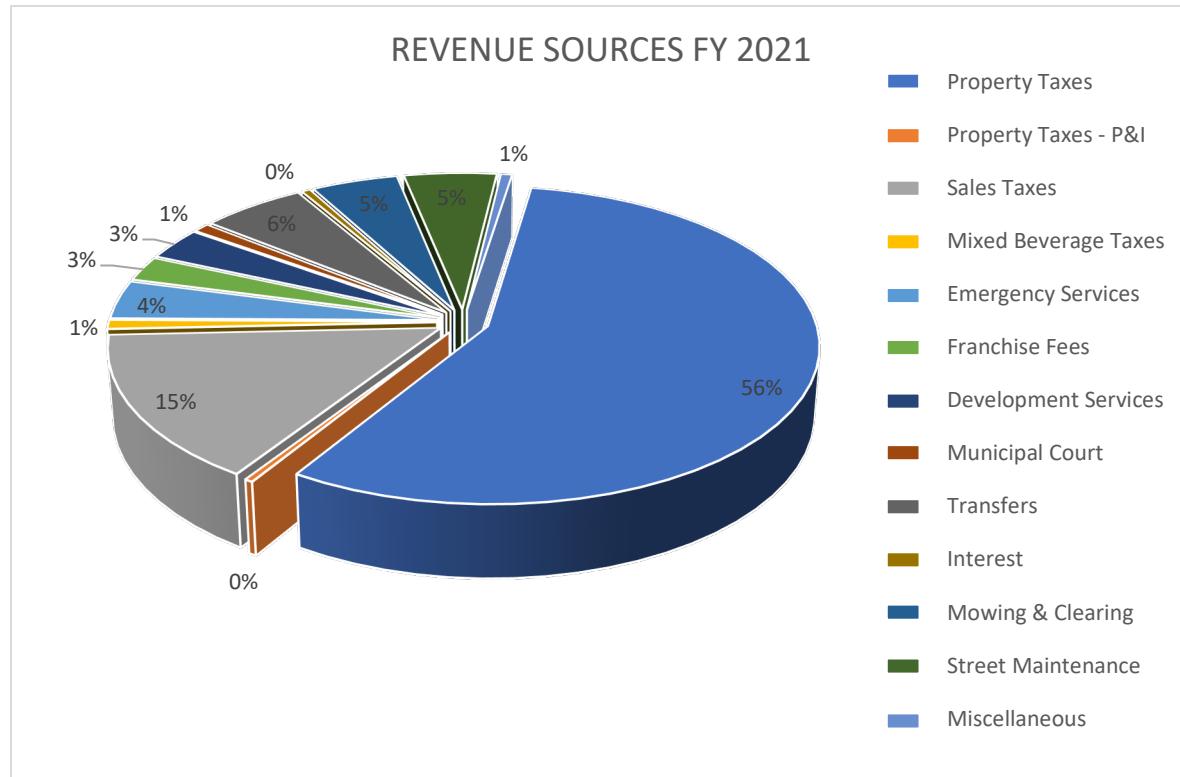
The General Fund provides financing for the City's governmental services, which excludes water, wastewater, and solid waste operations. General Fund services consist of all public safety functions, including police, animal control and fire services; community services, including streets, parks, inspections, planning, and code enforcement; and administrative functions, which includes general management, finance, and human resources. The City's main governmental buildings are maintained and operated as assets within the General Fund.

General Fund revenues come from multiple sources but are mostly derived from property tax receipts. The City's largest expenditure category is compensation to City personnel who ensure the provision of the services mentioned. The modified accrual basis of accounting is used for the General Fund.

GENERAL FUND REVENUE

The City of Horseshoe Bay receives operating revenue from multiple streams. Much like a well-organized business, the City does not solely rely on one large revenue source, but rather, the revenue is diversified.

Graph 1 and Table 1 both illustrate how most General Fund revenues are collected from property taxes, sales taxes, fund transfers, and street maintenance contracts.



Graph 1 – FY 2021 Budget – Revenue Sources

Top Revenue Sources

Property Taxes	5,382,000	56.3%
Sales Taxes	1,437,750	15%
Transfers	552,000	5.7%
Street Maintenance	487,250	5.1%
Total	7,859,000	82.1%
Total Revenue	9,545,500	

Table 1 – Top City Revenue Sources

Property Taxes

The largest source of City revenues is from property tax receipts, which are projected to account for 56.3% of the City's General Fund revenue. Table 2 exhibits the appraised taxable value beginning in the 2007 tax year. This table also shows how the property tax rate has remained stable since 2010. The City's total appraised taxable value exceeded \$2 Billion in 2020.

Tax Year	Tax Rate	Llano County Appraised Taxable Value	Burnet County Appraised Taxable Value	Total Appraised Taxable Value
2007	0.40000	1,251,273,964		1,251,273,964
2008	0.35000	1,441,168,934		1,441,168,934
2009	0.33000	1,588,249,545		1,588,249,545
2010	0.25000	1,412,000,000	171,000,000	1,583,000,000
2011	0.25000	1,374,533,707	173,407,475	1,547,941,182
2012	0.25000	1,343,758,031	183,355,207	1,527,113,238
2013	0.25000	1,384,324,964	186,946,922	1,571,271,886
2014	0.25000	1,437,323,807	185,403,017	1,622,726,824
2015	0.25000	1,494,521,653	190,427,395	1,684,949,048
2016	0.26000	1,601,593,349	196,022,157	1,797,615,506
2017	0.26000	1,722,168,060	206,543,185	1,928,711,245
2018	0.26702	1,837,165,951	219,498,974	2,056,664,925
2019	0.27000	1,949,503,369	238,173,227	2,187,676,596
2020	0.27000	2,101,237,471	237,862,021	2,339,099,492

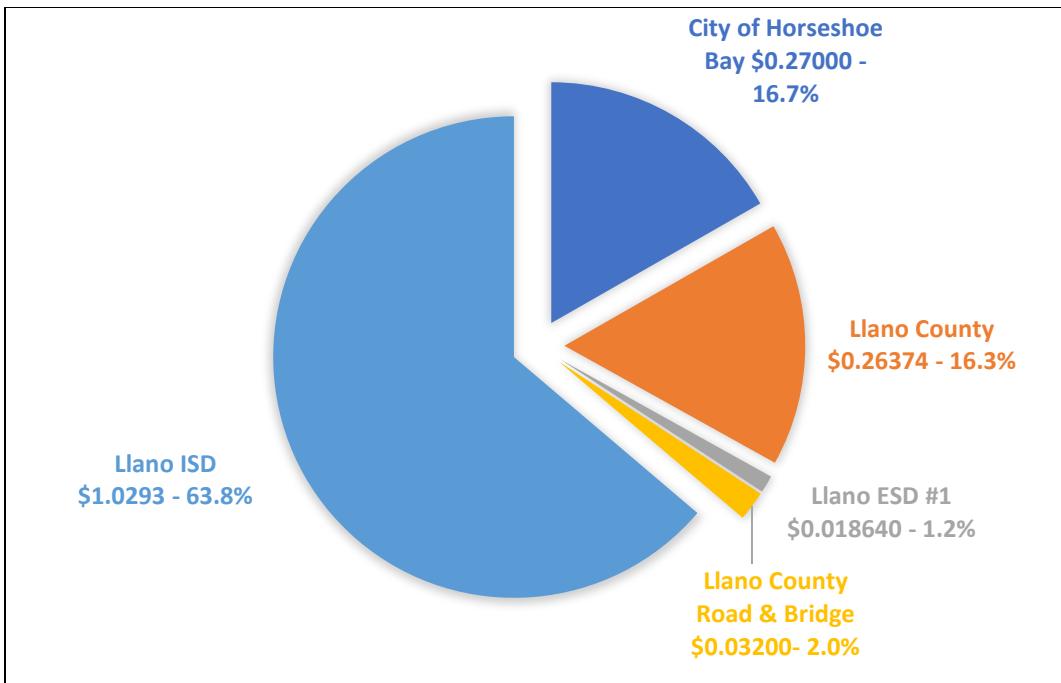
Table 2 – City Tax Rate History

The City's total property tax rate is divided into two portions. The first the Maintenance and Operations rate (M&O) and this part of the property tax levy is deposited into the City's General Fund and is merged with other revenues to pay for the operation of the City each year. The second portion is the Interest and Sinking rate (I&S); proceeds from this levy are deposited into a separate fund and is used to repay debt that has been secured with property tax revenues. Table 3 shows how the I&S and the M&O rates fluctuate from year to year and the goal is to have the two operate in a balance.

Tax Year	M&O Rate	I&S Rate	Total Tax Rate
2007	0.40000		0.40000
2008	0.35000		0.35000
2009	0.33000		0.33000
2010	0.22200	0.02800	0.25000
2011	0.22200	0.02800	0.25000
2012	0.22200	0.02800	0.25000
2013	0.22200	0.02800	0.25000
2014	0.22200	0.02800	0.25000
2015	0.22200	0.02800	0.25000
2016	0.21860	0.04140	0.26000
2017	0.22000	0.04000	0.26000
2018	0.22579	0.04123	0.26702
2019	0.23164	0.03836	0.27000
2020	0.23527	0.03473	0.27000

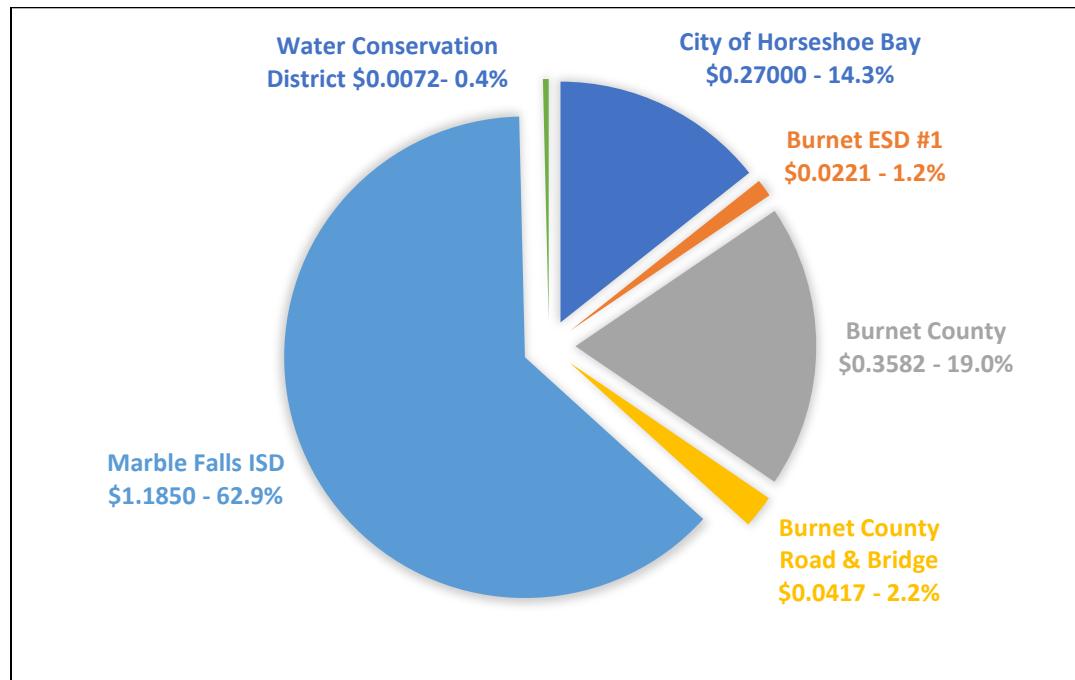
Table 3 – City M&O and I&S Rate History

Many citizens are often unclear as to how much of their total tax bill represents City taxes compared to other taxing entities. For those property taxpayers in the City and Llano County, there are four taxing entities: City of Horseshoe Bay, Llano Emergency Services District #1, Llano Independent School District, and Llano County, which also includes a separate Road and Bridge Tax. Graph 2 provides a graphical representation of the 2020 tax rates and how the City's rate stands in comparison.



Graph 2 – City of Horseshoe Bay (Llano County) tax rate comparison – 2020

For those property taxpayers in the City and Burnet County, there are five taxing entities: City of Horseshoe Bay, Burnet Emergency Services District #1, Marble Falls Independent School District, Water Conservation District of Central Texas, and Burnet County, which also includes a separate Road and Bridge Tax. Graph 3 provides a graphical representation of the 2018 tax rates and how the City's rate stands in comparison.



Graph 3 – City of Horseshoe Bay (Burnet County) tax rate comparisons – 2020

The City of Horseshoe Bay provides a competitive tax rate compared to other cities in the area as depicted in Table 4.

City	M&O Rate	I&S Rate	Total Tax Rate
Lakeway	0.2263*	0.04310	0.26940
Fredericksburg	0.17689	0.04388	0.22078
Horseshoe Bay	0.23527	0.03473	0.27000
Kerrville	0.43810	0.07350	0.51160
Jonestown	0.47192	0.09368	0.56560
Marble Falls	0.25650	0.35350	0.61000
Burnet	0.55140	0.06670	0.62370
Lago Vista	0.40830	0.23920	0.64750
Llano	0.38400	0.27273	0.65673

* includes .1000 Fire ESD

Table 4 – Surrounding cities tax rate comparisons – 2020

Cost of Services to City Property Taxpayers

This brief section seeks to show City of Horseshoe Bay property taxpayers the relative value of the services and benefits of living in the City. For a home valued at \$100,000, the property will pay an estimated \$270.00 in annual City property taxes, or \$22.57 per month, at the proposed \$0.27000 tax rate.

Of that monthly amount, they will pay:

- \$5.40 for 24/7 police protection
- \$6.10 for 24/7 fire protection
- \$0.50 for animal control services
- \$2.91 for streets and maintenance services
- \$1.91 for building inspections and code enforcement
- \$5.68 for the general administration of the City

Sales Taxes

The second largest source of City revenues is from sales tax receipts. FY 2021 sales tax revenues are budgeted at \$1,437,750, which is a 14.2% decrease from the FY 2020 estimate. Table 5 shows a description of historic total sales tax receipts, which is the 1.75% local option collected by the City.

FY 2008 Actual	517,336
FY 2009 Actual	555,222
FY 2010 Actual	726,514
FY 2011 Actual	730,818
FY 2012 Actual	807,778
FY 2013 Actual	937,157
FY 2014 Actual	998,535
FY 2015 Actual	977,437
FY 2016 Actual	1,011,561
FY 2017 Actual	1,087,720
FY 2018 Actual	1,297,646
FY 2019 Actual	1,581,453
FY 2020 Projected	1,409,500
FY 2021 Proposed	1,437,750

Table 5 – Total City sales tax receipts

Total City sales tax receipts are split three ways to fund different activities. One cent, or 57% of total receipts, is dedicated to the City's General Fund operations. One half cent, or 29% of total receipts, is dedicated to providing property tax relief for Horseshoe Bay taxpayers and is included in the General Fund sales tax totals above. One quarter cent, or 14% of total receipts, is dedicated to maintenance and repairs of City streets.



CITY OF HORSESHOE BAY
FY 2021 Utility Fund Budget - 01

Account Code	Account Title	FY 2018	FY 2019	FY 2020	FY 2020	FY 2021	% Variance from FY20
		Final Actuals	Final Actuals	Amended Budget	Projected Actuals	Adopted Budget	Projected to FY21
OPERATING REVENUE							
1000	ADMINISTRATION						
40173	Reimbursables-3rd Party Inspections	-	-	-	-	10,000	100.0%
40180	Other Income	102,788	4,321	12,000	55,000	10,000	-81.8%
40181	Grant Revenue	-	-	-	14,000	-	-100.0%
40182	Sale of Property	48,604	11,673	-	-	-	0.0%
40188	Coronavirus Relief Fund	-	-	-	18,000	-	-
40225	PID Revenue - Summit Rock PID	103,220	-	120,000	45,000	50,000	11.1%
40226	Interest Revenue - Summit Rock PID	197,770	223,953	180,000	220,000	200,000	-9.1%
Total	ADMINISTRATION	452,382	239,947	312,000	352,000	270,000	-23.3%
1001	WATER - PRODUCTION						
40110	Water District Service Fees	3,343,743	3,628,752	3,932,500	3,950,000	4,305,500	9.0%
40111	Water Non-District Service Fee	179,519	181,907	201,750	240,000	261,500	9.0%
40112	Water Tap Connection Fees	257,850	271,371	290,000	285,000	290,000	1.8%
40115	Reconnection Fees	7,089	6,568	7,500	5,000	6,500	30.0%
40117	Water & Sewer P & I Service	14,295	11,724	14,500	19,500	15,000	-23.1%
40171	CC Convenience Fee	-	38,334	70,000	60,000	62,000	3.3%
40178	Other Income - Leases	11,750	11,750	11,750	11,750	11,750	0.0%
40180	Other Income	5,788	16,534	6,000	500	1,000	100.0%
40185	Miscellaneous Permits	2,736	8	2,000	-	-	-
Total	WATER - PRODUCTION	3,822,770	4,166,949	4,536,000	4,571,750	4,953,250	8.3%
2001	WASTEWATER - TREATMENT						
40117	Water & Sewer P & I Service	14,251	13,388	15,000	15,000	15,500	3.3%
40120	Sewer Customer Service Fees	2,110,807	2,280,588	2,522,000	2,440,000	2,659,500	9.0%
40122	Sewer Tap Connection Fees	238,361	252,100	260,000	245,000	260,000	6.1%
40124	Sewer Service - Cottonwood Shores	143,490	146,058	175,000	185,000	185,000	0.0%
40125	Sewer Service - LCMUD#1	64,201	51,236	50,000	60,000	60,000	0.0%
40127	Grinder Sales	225,943	315,658	280,000	240,000	290,000	20.8%
40180	Other Income	1,429	-	1,000	3,500	1,000	-71.4%
40300	Bond Proceeds	-	-	6,000,000	6,004,000	-	-100.0%
Total	WASTEWATER - TREATMENT	2,798,483	3,059,028	9,303,000	9,192,500	3,471,000	-62.2%
3001	SOLID WASTE - RECYCLING						
40126	Brush Disposal	10,185	12,034	14,000	20,000	15,000	-25.0%
40130	Garbage Fees - Commercial	133,397	129,514	132,250	170,000	175,000	2.9%
40135	Garbage Fees - Residential	756,389	854,673	880,000	900,000	927,000	3.0%
40180	Other Income	347	1,507	500	500	500	0.0%
Total	SOLID WASTE - RECYCLING	900,318	997,728	1,026,750	1,090,500	1,117,500	2.5%



**CITY OF HORSESHOE BAY
FY 2021 Utility Fund Budget - 01**

Account Code	Account Title	FY 2018	FY 2019	FY 2020	FY 2020	FY 2021	% Variance from FY20
		Final Actuals	Final Actuals	Amended Budget	Projected Actuals	Adopted Budget	Projected to FY21
4000	STANDBY						
40140	Standby Customer Service Fees	601	238	250	250	250	0.0%
40142	Penalty & Interest - Standby	911	439	500	500	500	0.0%
Total	STANDBY	1,513	677	750	750	750	0.0%
9900	INTEREST INCOME						
40220	Interest on Investments	15,448	7,446	8,000	52,000	25,000	-51.9%
Total	INTEREST INCOME	15,448	7,446	8,000	52,000	25,000	-51.9%
TOTAL OPERATING REVENUE		7,990,914	8,471,775	15,186,500	15,259,500	9,837,500	-35.5%

General Fund Expenditure Overview

The City of Horseshoe Bay General Fund is organized into eight different departments. For the purposes of this document, each department will have its own section describing its mission statement, what their function is within the organization, some of their achievements for the past fiscal year, and department goals and objectives for the next fiscal year.

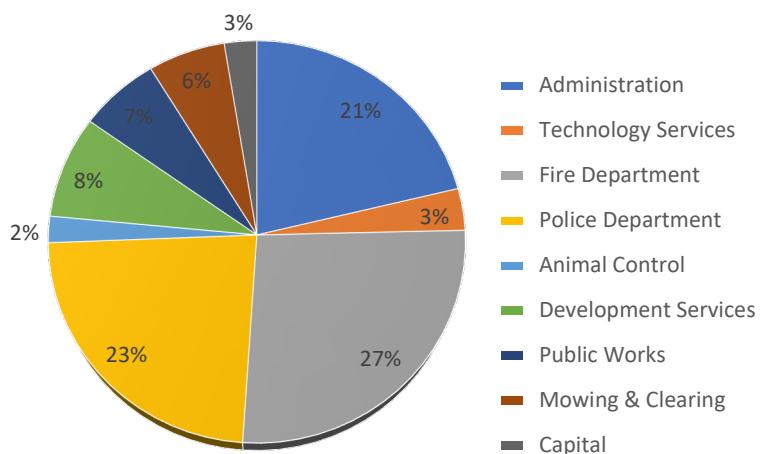
This budget includes increases in operational department budgets of 3% for salary expenditures and 5% for insurance expenditures. All other notable items are specifically listed on each departments' page.

Each departments' page will provide financial data on each prime account. There is also a description of the capital purchases within each department and a discussion of differences between FY 2020 Amended Budget and FY 2021 Adopted Budget.

FY 2021 BUDGET EXPENDITURES BY DEPARTMENT

DEPARTMENT	FY 2018 Final Actuals	FY 2019 Final Actuals	FY 2020 Amended Budget	FY 2020 Projected Actuals	FY 2021 Adopted Budget
Administration	1,562,830	1,713,025	1,931,750	1,813,750	2,013,250
Technology Services	194,744	212,644	245,500	189,500	319,250
Fire Department	2,010,628	2,382,627	2,441,500	2,465,250	2,502,000
Police Department	1,834,953	1,881,470	2,133,500	2,061,250	2,209,250
Animal Control	179,933	193,250	216,000	158,500	200,750
Development Services	477,243	500,258	679,250	636,750	785,000
Public Works	348,961	419,956	589,250	519,000	609,500
Mowing & Clearing	530,553	649,138	600,000	605,000	585,000
Capital	<u>274,656</u>	<u>519,060</u>	<u>410,000</u>	<u>348,000</u>	<u>246,000</u>
TOTAL	7,414,501	8,471,428	9,246,750	8,797,000	9,470,000

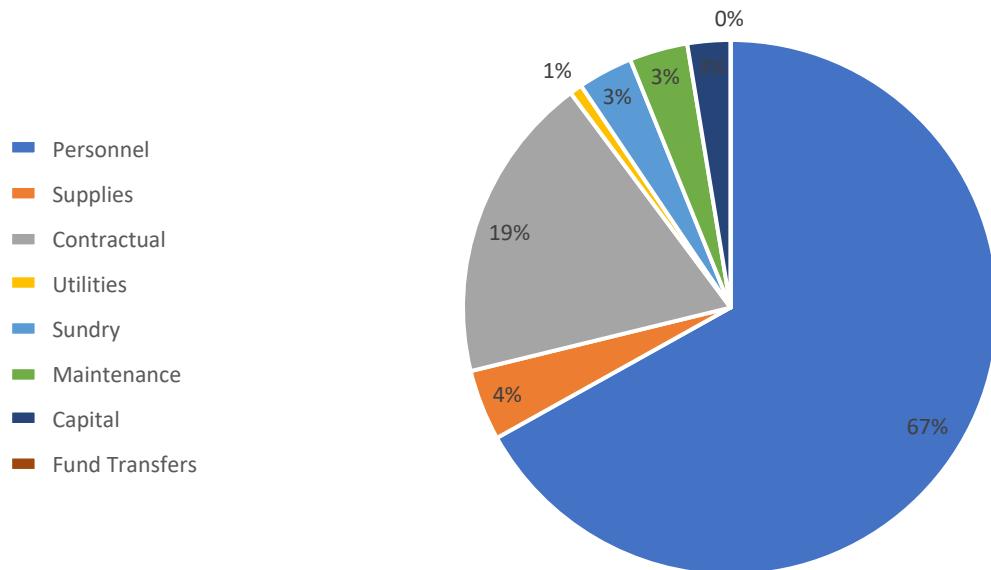
EXPENDITURES BY DEPARTMENT FY 2021



FY 2021 BUDGET EXPENDITURES - BY ACCOUNT CATEGORY

ACCOUNT CATEGORY	FY 2018 Final Actuals	FY 2019 Final Actuals	FY 2020 Amended Budget	FY 2020 Projected Actuals	FY 2021 Adopted Budget
Personnel	4,611,580	5,477,212	6,025,000	5,878,250	6,335,500
Supplies	283,215	318,318	430,500	336,000	405,500
Contractual	1,449,913	1,683,258	1,800,750	1,676,000	1,763,250
Utilities	68,212	67,949	72,000	72,000	72,000
Sundry	221,170	179,544	287,750	277,000	314,000
Maintenance	162,617	226,088	220,750	209,750	333,750
Capital	274,656	519,060	410,000	348,000	246,000
Fund Transfers	—	—	—	—	—
TOTAL	7,071,363	8,471,429	9,246,750	8,797,000	9,470,000

EXPENDITURES BY ACCOUNT CATEGORY FY 2021



Administration

To provide professional management and administration of the City, implementing City Council policy decisions by directing, coordinating, monitoring, and evaluating all City government activities.

Description

- Execute the policies established by the City Council and administer the affairs of the City consistent with the City Charter
- Prepare and maintain minutes, ordinances, resolutions, and proclamations
- City elections conducted by designated election official
- Responsible for the collection, investment, distribution, and documentation of all City funds
- Monitor and approve all City purchases, expenditures, and budget
- Prepare the City employee payroll and administer employee benefits programs
- Prepare annual City budget

FY 2020 Accomplishments

- Continued policy improvement and development
 - Reporting to Work (Scheduled /Unscheduled Absences)
 - Inclement Weather and Other Emergency
- Conducted modified Open Enrollment Informational Sessions to educate employees about health plan options, wellness, and benefits of well care
- Facilitated Gallup 2020 Employee Engagement Survey with increased participation and significant increase to employee engagement (73% engaged; up from 49%)
- Implemented a new Learning Management System to improve learning and increase number of hours spent on employee learning and development.
- Develop and implement a Supervisory Academy to include Employment Law courses, as well as Supervisory Development courses- Supervisory Academy is nearly complete.
- Increased the number of fully completed timesheets to ensure a more accurate and error free payroll process.
- Earned GFOA Distinguished Budget Award
- Created a Budget 101 video for the FY 2020 budget
- Maintained Comptroller star for financial transparency
- Implemented an Accounts Payable schedule for timely processing of weekly vendor payments.
- Implemented a schedule for Utility Billing so that monthly utility bills are mailed out by the first of the month.
- Refunded Certificates of Obligations for an aggregate cost savings of \$656,000
- Reaffirmed the City's AA+ bond rating with Standard & Poor's

FY 2021 Goals

- Earn Comptroller star for debt transparency
- Maintain Comptroller star for financial transparency
- Earn GFOA Distinguished Budget Award
- Earn GFOA Distinguished Audit Award

- Supervisor Training – continuing to build a Supervisor Academy of basic courses for new supervisors. Emphasis to ensure supervisors and up and coming supervisors are trained in all employee relations and legal topics.
- Succession Planning – develop a formal approach to succession planning to be prepared for turnover in high-risk positions.
- Emotional Intelligence – Considering virtual courses due to COVID-19
- Working with Department Heads, continue focusing on retention and employee engagement
- Be a data source for Department Heads to better manage staff and expenses related to overtime and turnover

Department Summary

	FY 2018 Final Actuals	FY 2019 Final Actuals	FY 2020 Amended Budget	FY 2020 Projected Actuals	FY 2021 Adopted Budget
Personnel	814,747	893,455	949,500	886,250	1,024,500
Supplies	69,856	75,823	119,000	91,000	100,250
Contractual	479,457	530,204	598,250	556,250	601,500
Utilities	68,212	67,949	72,000	72,000	72,000
Sundry	74,473	69,406	130,500	132,750	127,250
Maintenance	56,085	76,188	62,500	75,500	87,750
Capital	79,929	146,226	77,000	12,000	20,000
Fund Transfers	—	—	—	—	—
TOTAL	1,642,759	1,859,251	2,008,750	1,825,750	2,033,250

HIGHLIGHTS - FY 2021 Adopted Budget Changes from FY 2020 Amended Budget

- Increased salary and benefit expenses by \$75,000
- Added full time position Records Manager
- Increased Accounting & Auditing Expense by \$500
- Increased Professional Services by \$23,000
- Increased Appraisal District Fees – Burnet by \$1,500
- Increased Appraisal District Fees – Llano by \$2,500
- Increased Maintenance Contracts by \$26,500
- Decreased Advisory Committees by \$15,000
- Increased Dispatch Expense by \$5,500
- Added new expense line item for Copier Lease for \$4,500
- Decreased Dues, Fees, and Subscriptions by \$13,000
- Decreased Travel, Training, Schools by \$27,000
- Increased Special Events by \$2,000
- Increased Property & Liability Insurance by \$1,750
- Increased Workers Comp Insurance by \$12,000

- Increased M&R – Buildings by \$32,000
- Increased M & R – Grounds by \$750
- Decreased City Banking Fees by \$500
- Decreased Other Expense by \$15,000
- Decreased Printing & Office Supplies by \$500
- Added new expense line item for General Supplies for \$7,000
- Increased Communications by \$1,000
- Decreased Child Safety Fund Expense by \$1,000, set up in new fund
- Decreased Court Technology Fund Expense by \$1,500, set up in new fund
- Decreased Security Fund Expense by \$1,000, set up in new fund
- Added new expense line item for Sponsorship for \$5,000
- Added new expense line item for Friends of the Marble Falls Library for \$5,000
- Added new expense line item for Mailbox POA Refund for \$4,000

Technology Services

Responsible for implementing and maintaining all computer hardware and software systems and Geographic Information Systems (GIS) for the City of Horseshoe Bay.

Description

- First and primary point of contact for the activities associated with the City's server and computer network, help desk, and assigned specialty systems
- Responsible for all storage and backup management by performing, monitoring, documenting, and verifying information storage systems, schedules, and tests
- Maintains organizational service levels and business targets for the use of Information Technology Systems, including LAN/WAN networks, hardware, software, infrastructure, security, and other specialty systems

FY 2020 Accomplishments

- Upgrade surveillance camera system at City Hall
- Complete migrating city online bill pay services to Xpress Bill Pay
- Complete implementation of "Caselle" Enterprise Software solution across multiple departments
- State certified cybersecurity training to be implemented / required
- Data Security, Disaster Recovery and Compliance will continue to be analyzed, exercised, and enhanced
- Website map page
- Sewer and Water GIS Cleanup for Cartegraph
- Migrate GIS to Azure Platform
- Upgrade ArcServer and all mapping applications to version 10.7.1
- Updated aerial mosaic and image service

FY 2021 Goals

- Upgrade Microsoft Office Suite to G1 and G3 across city
- Upgrade and migrate all city email accounts to Microsoft Exchange hosting
- GIS to Cartegraph link up and Go Live
- Complete GIS Data Cleanup (Parcel, Address, Street)
- As-Built Mapping Application and Plan Search

Department Summary

	FY 2018 Final Actuals	FY 2019 Final Actuals	FY 2020 Amended Budget	FY 2020 Projected Actuals	FY 2021 Adopted Budget
Personnel	156,282	162,019	177,000	146,000	184,500
Supplies	4,831	4,210	11,000	1,250	1,000
Contractual	3,861	5,782	3,500	2,000	4,000
Sundry	6,360	8,992	11,750	10,250	31,750
Maintenance	23,411	31,641	42,250	30,000	98,000
Capital	—	—	—	—	16,000
TOTAL	194,744	212,644	245,500	189,500	335,250

HIGHLIGHTS - FY 2021 Adopted Budget Changes from FY 2020 Amended Budget

- Increased salary and benefit expenses by \$7,500
- Increased Professional Services by \$500
- Increased Maintenance Contracts by \$55,750
- Increased Dues, Fees, & Subscriptions by \$20,250
- Decreased Equipment & Supplies by \$4,000

Fire Department

The mission of the Fire Department is to provide a safe, professional, and courteous team that strives to exceed the expectations of the community. Our team will maintain a capable, aggressive, all-hazard Fire Department that is focused on “Serving and protecting our citizens while preserving our heritage and planning for our future.”

Description

- Department is staffed by 23 full-time firefighters and 3 part-time firefighters; this staff includes a Fire Chief, Assistant Fire Chief, and 3 Shift Captains
- Department operates out of 2 fire stations. Central fire station is located next to City Hall and station 2 is in Horseshoe Bay West. There is a minimum of 6 firefighters on duty 24 hours a day.
- Horseshoe Bay is an all-hazard fire department. We respond to structure fires, brush fires, vehicle fires, technical rescues, and medical incidents
- Conducts fire safety inspections on all commercial properties annually
- Coordinates all planning and preparedness activities for emergency management
- Conducts fire investigations to determine cause and origin

FY 2020 Accomplishments

- Implemented digital pre-fire plan software
- All commercial buildings inspected, and pre-fire planned.
- Live Fire training center completed
- All hydrants tested and hydrant markers placed
- New Self-Contained Breathing apparatus purchased and placed in service
- All shifts participated in live fire training exercises
- Citizens Fire Academy completed
- Storage room completed at fire station 1

FY 2021 Goals

- Complete all ISO reduction efforts by doing the following
 - Complete 192 hours of training per person
 - Reduce response times to NFPA 1910 standards
 - Complete all inspections and pre-plans of commercial buildings/facilities
 - Test all fire hose, ladders, pumping apparatus
- Complete eight multi-company training evolutions at training tower
- Purchase and install truck mounted radio repeater system
- Finish purchase and implementation of structural and wildland firefighting gear

Department Summary

	FY 2018 Final Actuals	FY 2019 Final Actuals	FY 2020 Amended Budget	FY 2020 Projected Actuals	FY 2021 Adopted Budget
Personnel	1,822,226	2,166,378	2,197,750	2,230,500	2,271,000
Supplies	91,802	114,375	123,250	106,500	121,500
Contractual	13,387	11,373	32,000	32,250	19,750
Sundry	45,009	41,198	51,000	51,000	52,250
Maintenance	38,204	49,303	37,500	45,000	37,500
Capital	<u>168,079</u>	<u>233,404</u>	<u>152,500</u>	<u>152,000</u>	<u>5,000</u>
TOTAL	2,178,707	2,616,031	2,594,000	2,617,250	2,507,000

HIGHLIGHTS – FY 2021 Adopted Budget Changes from FY 2020 Amended Budget

- Increased salary and benefit expenses by \$40,500
- Decreased Maintenance Contracts by \$10,250
- Decreased Contract Services by \$2,000
- Decreased Fuel & Lubricants by \$2,000
- Increased Wellness Program by \$750
- Increased Other Expense by \$500
- Increased Postage by \$250
- Decreased Capital Expenditures by \$147,500

Police Department

To work cooperatively with the public to preserve the peace, protect life and property, and reduce a fear of crime within the community through a fair and equal enforcement of the law within the framework of the Constitution of the United States.

Description

- Oversee all major criminal investigations within the City
- Respond to calls from the public requesting police emergency and non-emergency services
- Respond to traffic-related incidents and accidents, issue warnings and citations for traffic violations
- Respond to calls from the public requesting animal services
- Provide assistance to victims of crime or persons in distress
- Provide assistance to surrounding law enforcement agencies

FY 2020 Accomplishments

- Obtained \$90,000 in CIP funding for the replacement of two (2) department patrol vehicles and all related vehicle equipment.
- Obtained \$20,000 in CIP funding to replace the PD building security camera system.
- Increased staffing by two (2) patrol officers to address the growing needs of the community for police services.
- Obtained \$55,000 in CIP funding and expanded the west parking lot to address the needs of the Department and provide adequate shelter for Department equipment such as vehicles, patrol boat, patrol cart, and 2 Department trailers that were parked at other locations in the city.
- Expanded the Department Drone program by acquiring an additional drone suitable for indoor use.
- Maintained a healthy work environment for Police employees during the Covid-19 Pandemic with zero cases contracted by Department employees despite numerous exposures while carrying out their duties.
- Continued to recruit, train, and maintain an excellent and professional workforce.
- Implemented a newly developed consumer information program aimed at helping those faced with deteriorating mental health concerns. This Department program was a featured article in the TML magazine publication “Texas Town and City”.
- Maintained a 100% level of patrol officers certified by the State as Mental Health Officers (MHO).
- Conducted joint training exercises with other departments to address critical incident responses.
- Continued the patrol division Community Contact/Outreach program to solicit feedback from within the community and maintain the trust of residents.

FY 2021 Goals

- To obtain \$90,000 in CIP funding for the replacement of two (2) department patrol vehicles and all related vehicle equipment.
- To obtain \$45,000 in CIP funding for the replacement of six (6) Mobile Data Terminals (MDT) for the patrol vehicle fleet.
- Obtain an FAA Certificate of Authorization (COA) for drone usage.
- Continue to promote the consumer information program to better address the needs of those faced with deteriorating mental health issues.

- Maintain a 100% level of patrol officers certified by the State as Mental Health Officers (MHO).
- Continue to promote the State certified hone security inspection program.
- Maintain and train an excellent and professional workforce.
- Conduct joint training exercises with other departments and other agencies for critical incident responses.
- Continue the patrol division Community Contact Outreach to solicit feedback from within the community and maintain the trust of our residents.
- Develop specifications for a joint operations Police/Fire/Rescue patrol and response watercraft platform.

Department Summary - Police

	FY 2018 Final Actuals	FY 2019 Final Actuals	FY 2020 Amended Budget	FY 2020 Projected Actuals	FY 2021 Adopted Budget
Personnel	1,630,228	1,702,322	1,956,250	1,909,000	2,026,000
Supplies	77,542	79,248	99,250	67,250	95,250
Contractual	13,034	16,531	18,000	16,000	20,500
Sundry	79,809	40,677	29,500	27,500	35,500
Maintenance	34,340	42,692	30,500	41,500	32,000
Capital	26,648	139,430	172,500	177,750	135,000
TOTAL	1,861,601	2,020,900	2,306,000	2,239,000	2,344,250

HIGHLIGHTS – FY 2021 Adopted Budget Changes from FY 2020 Amended Budget

- Increased salary and benefit expenses by \$69,750
- Increased Contract Services by \$2,500
- Increased Dues, Fees, & Subscriptions by \$1,500
- Added new expense line item for Copier Lease for \$4,500
- Increased Equipment & Supplies by \$3,500
- Decreased Travel, Training, Schools by \$2,000
- Decreased Fuel & Lubricants by \$5,000
- Increased M & R – Vehicles by \$3,000
- Decreased M & R – Weapons by \$1,500
- Decreased Printing & Office Supplies by \$500
- Decreased Safety Equipment & Supplies by \$1,500
- Increased Uniforms by \$1,500
- Decreased Capital Expenditures by \$37,500

Department Summary – Animal Control

	FY 2018 Final Actuals	FY 2019 Final Actuals	FY 2020 Amended Budget	FY 2020 Projected Actuals	FY 2021 Adopted Budget
Personnel	55,889	61,462	79,500	63,000	82,500
Supplies	3,822	4,940	5,500	3,750	5,000
Contractual	117,667	113,911	127,500	89,000	110,000
Sundry	2,332	2,162	1,500	1,000	1,250
Maintenance	223	10,775	2,000	1,750	2,000
Capital	—	—	—	—	—
TOTAL	179,933	193,250	216,000	158,500	200,750

HIGHLIGHTS – FY 2021 Adopted Budget Changes from FY 2020 Amended Budget

- Increased salary and benefit expenses by \$3,000
- Decreased Animal Shelter by \$2,000
- Decreased Fuel & Lubricants by \$500
- Decreased Other Expense by \$250
- Decreased Deer Management by \$15,500

Development Services

We strive to continually provide world class customer service working as partners with the development community to help our property owners and residents to maintain and enhance the community's quality of life. We assist them in understanding the process and application requirements for development and building construction which comply with applicable codes and regulations, which we continually strive to keep updated for increased standards for public health and safety and hazard mitigation.

DESCRIPTION

- Maintain world class customer service through increasing staff knowledge of regulatory and procedural practices through ongoing staff training.
- Maintain an average response time of 5 – 6 days for plan reviews.
- Maintain an average response time of one day for inspections.
- Respond quickly to complaints regarding Code violations, focusing primarily on education and compliance, and process them through Municipal Court when necessary.
- Provide quality administrative services and monthly reports to City Council regarding building permits, inspections, planning activities and code enforcement.
- Provide advice and assistance to the City Council, Planning and Zoning Commission, and Board of Adjustment.

FY 2020 ACCOMPLISHMENTS

- Continued to use and make adjustments to our building permits software to minimize duplicative data entry, allow greater oversight on building permits and inspections, and streamline the monthly reports system.
- Three staff serve on the Development Review Committee (DRC) and the DRC recommended approval of the Development Guide, which City Council adopted.
- Enhanced communication with builders by participating in the Mayor and Council's Builders meeting.
- Updated and expanded the Contractor Registration regulations to include commercial contractors and sub-contractors, for which all new contractors are under a 60-day probation.
- Implemented new backflow prevention measures at construction sites with collaboration of local general contractors
- Began updating the City's GIS Zoning Map and Existing Land Use Map.
- Worked with Planning and Zoning Commission to conduct existing land use surveys in all neighborhoods, to enhance Planning and Zoning Commissioner training, as part of the Comprehensive Plan implementation.
- All staff had input on the Department's Balanced Scorecard.
- Hired a new non-commissioned Code Compliance Officer.
- Filled the position of Assistant Planner.
- Implemented a department remodel to temporarily house new staff and maximize efficiency for all staff.

- Continued Enhancements of City Code Enforcement procedures regarding public education thru notice of violations vs warnings with explanation, friendly reminders, and enforcement information, emphasizing education and information to the public.
- Implemented and continued enhancements of city code enforcement tracking and reporting to Director.
- New Code Compliance Officer Macario Montoya Completed Code Compliance Officer Field Training and completed the Texas A&M University Basic Code Enforcement training.
- Both Officers attended Code Enforcement From A-Z Training.
- Officer Ray Garcia Attained Master Peace Officer License.
- Mac Montoya attained Water & Wastewater Class C licenses.
- The Department adopted a new Department logo created by Christina Reinhardt and husband, promotes team unity and pride.
- The Department rearranged the location of key staff members to effectively reduce process times by allowing more focus on each individual's area of expertise.
- Staff updated department webpages to be more concise and a better tool for information, including web information news blasts.
- Staff effectively managed customer service operations during national shutdowns due to Coronavirus with no substantial loss of lead times to customers and stakeholders, all while office doors were closed and some staff worked from home.
- All Department staff researched and created a new Contractor Registration Ordinance.
- Staff researched and collaborated with contractors to create a new ordinance for pool barrier safety.
- Staff reviewed and updated the Temporary Certificate of Occupancy regulations.
- Staff researched and collaborated with the Planning and Zoning Commission and created a plan for revision and improvement of the manufactured home regulations.
- Several employees participated in the interview process for a new Department Director.
- Contracted with an additional third-party inspections firm for proactive oversight and cross-accountability for inspections.
- Development Services staff combined in taking over 100 hours of new training on building codes, permit technician, legal aspects, development planning & zoning, and code enforcement with national and state recognized organizations. (Texas A&M University, SPEER, City Hall Essentials, & ICC).
- Staff reviewed and recommended amending Ordinance language for building permit inspection requirements and enforcement, which were adopted.
- Two staff presented at the last Citizen's Academy.
- Staff participated in Celebration Committee events.
- DRC reviewed and approved the contract for the City to hire a new contract engineer to review development plans, drainage plans and infrastructure plans.

FY 2021 GOALS

- Hire a new Department Administrative Assistant.
- Purchase a new truck for the Code Compliance Officer.
- Purchase additional equipment for the new staff member.
- Ensure continuing education for all staff by allowing additional time for training and certifications.
- Implement new, more efficient monthly reports.
- Review and revise/update various building ordinances.
- Make better use of the website as an asset for communication to the public.
- Define career paths and pay grades associated with each staff member's position.
- Complete the update of the Existing Land Use Map and the Existing Zoning Map.
- Launch a new interactive GIS map on the City's web page.
- Help transition the new Development Services Director.
- Purchase and use a large new format printer.
- Complete the Balanced Scorecard using the Clearpoint software.

Department Summary

	FY 2018 Final Actuals	FY 2019 Final Actuals	FY 2020 Amended Budget	FY 2020 Projected Actuals	FY 2021 Adopted Budget
Personnel		350,596	448,250	426,250	520,500
Supplies	8,752	8,620	15,000	13,000	22,000
Contractual	111,637	123,444	151,500	142,000	180,000
Sundry	13,188	17,109	63,500	54,500	61,000
Maintenance	529	489	1,000	1,000	1,500
Capital	-	-	-	-	10,000
TOTAL	134,105	500,258	679,250	636,750	795,000

HIGHLIGHTS – FY 2021 Adopted Budget Changes from FY 2020 Amended Budget

- Increased salary and benefit expenses by \$72,250
- Added full-time Administration Assistant
- Increased Professional Services by \$10,000
- Decreased Maintenance Contracts by \$1,000
- Decreased Dues, Fees, & Subscriptions by \$4,000
- Added new expense line item for Copier Lease for \$4,500
- Added new expense line item for Engineering Fees for \$15,000
- Increased Equipment & Supplies by \$4,000
- Increased Travel, Training, Schools by \$2,000
- Increased Fuel & Lubricants by \$1,000
- Increased M&R-Vehicles by \$500
- Added new expense line item for Citi Banking Fees for \$8,000

- Decreased Advertisements/Notices by \$3,500
- Decreased Printing & Office Supplies by \$1,500
- Decreased Code Enforcement Actions by \$2,500
- Increased Uniforms by \$1,000

Public Works

To provide and maintain a transportation system of streets for safe and efficient vehicular traffic, and to provide clean, safe, and well-maintained rights-of-way and vacant lots.

Description

- Repair streets for damage caused by water line breaks and failure of road base material
- Install and maintain traffic control signs
- Mow rights-of-way and maintain vacant lots
- Maintain city property such as City Hall

FY 2020 Accomplishments

- Define and complete seal coat area
- Continue new street upgrade spread sheet
- Follow newly developed maintenance plan through-out entire city
- Continue maintaining relationships and striving in a positive direction following the path implemented in our leadership program

FY 2021 Goals

- Pave and curb on approximately 1.6 miles of new road construction and sealcoat Horseshoe Bay South and Ferguson and Fairways.
- Work closely with Assistant Public Works Director develop the skills needed to grow in Public Works
- Continue to work and improve maintenance plan developed in 2020
- Continue to educate the public through articles and door to door meetings on upcoming projects

Department Summary – Public Works

	FY 2018 Final Actuals	FY 2019 Final Actuals	FY 2020 Amended Budget	FY 2020 Projected Actuals	FY 2021 Adopted Budget
Personnel	132,209	140,980	216,750	217,250	226,500
Supplies	26,609	31,102	57,500	53,250	60,500
Contractual	180,318	232,875	270,000	233,500	242,500
Sundry	-	-	-	-	5,000
Maintenance	9,825	15,000	45,000	15,000	75,000
Capital	-	-	8,000	6,250	60,000
TOTAL	348,961	419,957	597,250	525,250	669,500

HIGHLIGHTS – FY 2021 Adopted Budget Changes from FY 2020 Amended Budget

- Increased salary and benefit expenses by \$9,750
- Decreased Engineering Fees by \$2,500
- Added new expense line item for Equipment & Supplies for \$5,000
- Added new expense line item for Travel, Training, Schools for \$3,000
- Added new expense line item for Fuel & Lubricants for \$4,000
- Added new expense line item for Uniforms for \$1,000
- Decreased Street Patching Materials by \$5,000
- Increased Drainage by \$25,000
- Added new expense line item for Golden Nugget Nature Park for \$40,000
- Added new expense line item for Martin Park for \$10,000
- Added new expense line item for Hiking Trail Park for \$5,000

Department Summary – Lot Mowing

	FY 2018 Final Actuals	FY 2019 Final Actuals	FY 2020 Amended Budget	FY 2020 Projected Actuals	FY 2021 Adopted Budget
Contractual	530,553	649,138	600,000	605,000	585,000
TOTAL	530,553	649,138	600,000	605,000	585,000

HIGHLIGHTS – FY 2021 Adopted Budget Changes from FY 2020 Amended Budget

- Decreased Lot Clearing by \$15,000



CITY OF HORSESHOE BAY
FY 2021 General Fund Budget - 02

Account Code	Account Title	FY 2018 Final Actuals	FY 2019 Final Actuals	FY 2020 Amended Budget	FY 2020 Projected Actuals	FY 2021 Adopted Budget	% Variance from FY20 Projected to FY21
OPERATING EXPENDITURES							
1000	ADMINISTRATION						
50410	Salaries & Wages	532,886	564,303	594,500	557,500	661,750	18.7%
50411	Overtime	31,311	12,850	5,000	5,000	5,000	0.0%
50415	Employers FICA Expense	39,767	39,483	45,750	42,250	51,000	20.7%
50420	Group Insurance Premiums	78,974	101,632	115,500	98,250	101,750	3.6%
50430	401(A) Money Purchase	25,714	31,204	34,250	32,000	37,750	18.0%
50432	401(A) Match	21,139	26,455	29,500	27,000	30,250	12.0%
50435	Employers Unemployment Expense	3,282	-	5,000	-	5,000	0.0%
50500	Accounting & Auditing Expense	20,000	17,565	17,500	17,500	18,000	2.9%
50505	Professional Services	18,294	51,102	45,000	45,000	68,000	51.1%
50506	Election Contracts	3,391	4,614	5,000	4,000	5,000	25.0%
50509	Appraisal District Fees - Burnet	8,961	9,537	10,500	10,750	12,000	11.6%
50510	Appraisal District Fees - Llano	103,572	100,192	107,500	107,000	110,000	2.8%
50545	Maintenance Contracts	24,671	29,004	40,000	40,000	66,500	66.3%
50564	Codification	2,328	8,564	5,000	5,000	5,000	0.0%
50565	City Council Expense	9,667	3,539	5,000	5,000	5,000	0.0%
50568	Advisory Committees	-	-	45,000	15,000	30,000	100.0%
50570	Dispatch Expense	104,956	104,956	111,000	111,000	116,500	5.0%
50575	Dues, Fees, & Subscriptions	22,564	35,520	35,000	37,000	22,000	-40.5%
50576	Copier Lease	-	-	-	-	4,500	100.0%
50585	Electricity	32,411	32,626	35,000	31,000	34,000	9.7%
50591	EOC Training & Supplies	4,992	2,039	5,000	5,000	5,000	0.0%
50593	Travel, Training, Schools	30,272	42,040	75,000	45,000	48,000	6.7%
50596	Employee Awards Program	515	440	1,000	1,000	750	-25.0%
50597	Special Events- Employees	4,375	3,994	7,000	5,000	9,000	80.0%
50598	Wellness Program	-	-	8,500	-	-	0.0%
50610	Property & Liability Ins.	88,651	91,322	96,000	93,250	97,750	4.8%
50611	Workers' Comp Insurance	81,674	117,528	120,000	124,250	132,000	6.2%
50620	Legal Expense	53,798	47,228	50,000	55,000	50,000	-9.1%
50625	Fireworks	10,000	10,000	10,000	10,000	10,000	0.0%
50630	M & R - Building	35,315	54,163	40,000	52,000	72,000	38.5%
50650	M & R - Grounds	11,623	12,718	15,000	16,000	15,750	-1.6%
50753	City Banking Fees	11,456	3,032	4,000	2,000	3,500	75.0%
50765	Other Expense	19,963	27,105	22,000	24,000	7,000	-70.8%
50766	COVID - 19 Disaster Expense	-	-	-	30,000	5,500	-81.7%
50775	Postage	3,990	5,663	5,000	5,000	5,000	0.0%
50780	Printing & Office Supplies	24,925	21,647	26,000	30,000	25,500	-15.0%
50781	General Supplies	-	-	-	-	7,000	100.0%
50810	Communications	35,801	35,323	37,000	41,000	38,000	-7.3%
50820	Child Safety Fund Expense	-	125	1,000	6,000	-	-100.0%
50821	Court Technology Fund Expense	250	480	1,500	1,500	-	-100.0%
50822	Court Security Fund Expense	1,000	-	1,000	1,000	-	-100.0%
50823	Court Collection Agency Fees	9,936	12,975	12,500	11,000	12,500	13.6%
50824	Warrant Fees	1,350	2,150	2,000	2,000	2,250	12.5%
50826	Municipal Court Judicial Staff	30,600	30,600	30,750	30,750	30,750	0.0%



CITY OF HORSESHOE BAY
FY 2021 General Fund Budget - 02

Account Code	Account Title	FY 2018 Final Actuals	FY 2019 Final Actuals	FY 2020 Amended Budget	FY 2020 Projected Actuals	FY 2021 Adopted Budget	% Variance from FY20 Projected to FY21
50841	Central Texas Water Coalition	-	-	5,000	5,000	5,000	0.0%
50842	Workforce Network	-	10,000	10,000	10,000	10,000	0.0%
50843	Sponsorship	-	-	-	-	5,000	100.0%
50844	Friends of The Marble Falls Library	-	-	-	-	5,000	100.0%
50861	Mailbox POA Refund	-	-	-	-	4,000	100.0%
50866	Tree Removal	112	1,008	2,500	2,500	-	-100.0%
50867	Golden Nugget Nature Park	-	-	10,000	10,250	-	-100.0%
50868	Martin Park	3,261	3,075	5,000	5,000	-	-100.0%
50870	Fox House	9,034	5,224	-	-	-	0.0%
50871	Milfoil Treatment	6,050	-	18,000	-	18,000	100.0%
50872	Hiking Trail Park	-	-	5,000	-	-	0.0%
50873	Lighthouse Park	-	-	15,000	-	-	0.0%
Total	ADMINISTRATION	1,562,830	1,713,025	1,931,750	1,813,750	2,013,250	11.0%
3000	TECHNOLOGY SERVICES						
50410	Salaries & Wages	120,389	121,928	131,500	107,000	134,500	25.7%
50415	Employers FICA Expense	8,836	8,592	10,000	8,000	10,250	28.1%
50420	Group Insurance Premiums	18,178	23,103	25,250	23,500	29,750	26.6%
50430	401(A) Money Purchase	5,987	5,728	6,750	5,250	6,500	23.8%
50432	401(A) Match	2,891	2,668	3,500	2,250	3,500	55.6%
50505	Professional Services	3,861	5,782	3,500	2,000	4,000	100.0%
50545	Maintenance Contracts	23,411	31,641	42,250	30,000	98,000	226.7%
50575	Dues, Fees, & Subscriptions	1,612	8,754	11,250	10,000	31,500	215.0%
50592	Equipment & Supplies	4,653	456	5,000	1,000	1,000	0.0%
50593	Travel, Training, Schools	4,736	3,754	6,000	250	-	-100.0%
50765	Other Expense	12	-	250	-	-	0.0%
50830	Uniforms	178	238	250	250	250	0.0%
Total	TECHNOLOGY SERVICES	194,744	212,644	245,500	189,500	319,250	68.5%
5000	FIRE						
50410	Salaries & Wages	1,290,208	1,502,776	1,492,250	1,479,000	1,543,500	4.4%
50411	Overtime	74,116	90,636	90,000	145,000	90,000	-37.9%
50412	Salaries - P/T Firefighters	12,544	861	-	-	-	0.0%
50415	Employers FICA Expense	97,159	108,537	121,000	120,000	125,000	4.2%
50420	Group Insurance Premiums	215,565	304,580	322,250	323,250	339,500	5.0%
50430	401(A) Money Purchase	77,773	90,532	97,250	91,250	98,000	7.4%
50432	401(A) Match	54,862	68,456	75,000	72,000	75,000	4.2%
50505	Professional Services	6,000	6,000	6,000	6,000	6,000	0.0%
50545	Maintenance Contracts	4,754	5,262	23,000	23,000	12,750	-44.6%
50548	Contract Services	2,633	111	3,000	3,250	1,000	-69.2%
50575	Dues, Fees, & Subscriptions	4,389	4,344	5,000	5,000	5,000	0.0%
50592	Equipment & Supplies	41,603	37,015	40,000	35,000	40,000	14.3%
50593	Travel, Training, Schools	19,058	31,943	35,000	26,000	35,000	34.6%
50594	Fire Protection Gear	20,084	22,962	25,000	25,500	25,000	-2.0%
50595	Fuel & Lubricants	14,875	15,498	17,000	13,500	15,000	11.1%



CITY OF HORSESHOE BAY
FY 2021 General Fund Budget - 02

Account Code	Account Title	FY 2018	FY 2019	FY 2020	FY 2020	FY 2021	% Variance from FY20
		Final Actuals	Final Actuals	Amended Budget	Projected Actuals	Adopted Budget	Projected to FY21
50598	Wellness Program	-	10,450	12,750	12,750	13,500	5.9%
50640	M & R - Equipment	24,665	14,653	17,500	16,000	17,500	9.4%
50685	M & R - Vehicles	13,539	34,650	20,000	29,000	20,000	-31.0%
50765	Other Expense	12,175	14,368	12,500	12,500	13,000	4.0%
50775	Postage	78	47	250	500	500	0.0%
50780	Printing & Office Supplies	1,245	3,107	2,000	2,000	2,000	0.0%
50800	Safety Equipment & Supplies	2,623	3,803	4,000	4,000	4,000	0.0%
50811	Telecare Program	-	621	750	750	750	0.0%
50829	Public Safety Donations	9,309	2,865	5,000	5,000	5,000	0.0%
50830	Uniforms	11,372	8,551	15,000	15,000	15,000	0.0%
Total	FIRE	2,010,628	2,382,627	2,441,500	2,465,250	2,502,000	1.5%
8000	POLICE						
50410	Salaries & Wages	1,263,351	1,302,150	1,462,500	1,405,000	1,500,500	6.8%
50411	Overtime	13,783	14,203	15,000	20,000	18,000	-10.0%
50415	Employers FICA Expense	93,269	94,034	113,000	109,000	116,250	6.7%
50420	Group Insurance Premiums	142,420	162,129	206,000	230,000	229,000	-0.4%
50430	401(A) Money Purchase	66,990	73,343	88,750	80,500	90,750	12.7%
50432	401(A) Match	50,414	56,463	71,000	64,500	71,500	10.9%
50548	Contract Services	13,034	16,531	18,000	16,000	20,500	28.1%
50575	Dues, Fees, & Subscriptions	6,490	8,776	10,000	10,500	11,500	9.5%
50576	Copier Lease	-	-	-	-	4,500	100.0%
50592	Equipment & Supplies	11,346	9,171	12,500	12,500	16,000	28.0%
50593	Travel, Training, Schools	13,843	17,606	17,000	6,000	15,000	150.0%
50595	Fuel & Lubricants	41,712	33,652	45,000	28,000	40,000	42.9%
50615	Investigation Expense	6,328	6,658	6,000	4,000	6,000	50.0%
50616	Jail Expense	150	100	500	250	500	100.0%
50640	M & R - Equipment	1,752	3,064	3,000	3,000	3,000	0.0%
50685	M & R - Vehicles	27,617	36,875	22,000	35,000	25,000	-28.6%
50686	M & R - Weapons	4,971	2,753	5,500	3,500	4,000	14.3%
50760	Medical	373	705	1,000	1,250	1,000	-20.0%
50765	Other Expense	3,560	14,261	5,000	5,000	5,000	0.0%
50770	Grant Expenditures	37,500	-	-	-	-	0.0%
50775	Postage	138	175	250	250	250	0.0%
50780	Printing & Office Supplies	4,410	7,211	9,500	6,500	9,000	38.5%
50800	Safety Equipment & Supplies	8,470	2,657	5,000	3,500	3,500	0.0%
50829	Public Safety Donations	11,428	7,733	5,000	5,000	5,000	0.0%
50830	Uniforms	11,604	11,220	12,000	12,000	13,500	12.5%
Total	POLICE	1,834,953	1,881,470	2,133,500	2,061,250	2,209,250	7.2%



CITY OF HORSESHOE BAY
FY 2021 General Fund Budget - 02

Account Code	Account Title	FY 2018	FY 2019	FY 2020	FY 2020	% Variance from FY20
		Final Actuals	Final Actuals	Amended Budget	Projected Actuals	Adopted Budget
9000 ANIMAL CONTROL						
50410	Salaries & Wages	39,181	42,132	52,750	41,000	56,500
50411	Overtime	3,570	2,954	2,500	1,500	2,000
50415	Employers FICA Expense	3,270	3,049	4,250	3,750	4,500
50420	Group Insurance Premiums	7,429	10,474	16,000	14,750	15,500
50430	401(A) Money Purchase	1,742	1,665	2,000	1,000	2,000
50432	401(A) Match	696	1,188	2,000	1,000	2,000
50502	Animal Shelter	10,500	11,760	17,000	14,000	15,000
50592	Equipment & Supplies	497	1,516	1,000	1,000	1,000
50593	Travel, Training, Schools	262	446	500	250	500
50595	Fuel & Lubricants	3,093	2,978	4,000	2,500	3,500
50685	M & R - Vehicles	223	10,775	2,000	1,750	2,000
50765	Other Expense	2,070	1,431	1,000	500	750
50830	Uniforms	232	731	500	500	500
50862	Deer Management	107,167	102,151	110,500	75,000	95,000
Total	ANIMAL CONTROL	179,933	193,250	216,000	158,500	200,750
						26.7%
9500 DEVELOPMENT SERVICES						
50410	Salaries & Wages	254,058	255,635	315,500	303,000	371,500
50411	Overtime	449	591	1,500	500	1,500
50415	Employers FICA Expense	17,992	17,783	24,250	23,000	28,500
50420	Group Insurance Premiums	44,806	51,464	73,750	69,500	83,000
50430	401(A) Money Purchase	14,935	14,876	19,500	18,250	21,750
50432	401(A) Match	10,898	10,247	13,750	12,000	14,250
50505	Professional Services	102,930	119,190	145,000	135,000	155,000
50545	Maintenance Contracts	8,707	4,254	6,500	7,000	5,500
50575	Dues, Fees, & Subscriptions	6,107	7,539	12,000	6,000	8,000
50576	Copier Lease	-	-	-	-	4,500
50590	Engineering Fees	-	-	-	-	15,000
50592	Equipment & Supplies	3,794	1,706	4,000	3,000	8,000
50593	Travel, Training, Schools	5,595	6,010	10,000	9,000	12,000
50595	Fuel & Lubricants	994	904	1,000	1,000	2,000
50685	M & R - Vehicles	529	489	1,000	1,000	1,500
50753	City Banking Fees	-	-	-	1,000	8,000
50765	Other Expense	328	1,817	1,500	500	1,500
50777	Advertisements/Notices	1,158	3,965	5,000	3,000	1,500
50780	Printing & Office Supplies	2,717	2,237	3,000	2,500	1,500
50828	Code Enforcement Actions	-	-	40,000	40,000	37,500
50830	Uniforms	1,248	1,551	2,000	1,500	3,000
Total	DEVELOPMENT SERVICES	477,243	500,258	679,250	636,750	785,000
						23.3%



CITY OF HORSESHOE BAY
FY 2021 General Fund Budget - 02

Account Code	Account Title	FY 2018 Final Actuals	FY 2019 Final Actuals	FY 2020 Amended Budget	FY 2020 Projected Actuals	FY 2021 Adopted Budget	% Variance from FY20 Projected to FY21
9600	PUBLIC WORKS						
50410	Salaries & Wages	103,702	107,129	154,500	164,000	169,000	3.0%
50411	Overtime	-	-	250	750	750	0.0%
50415	Employers FICA Expense	7,705	7,345	11,750	11,500	13,000	13.0%
50420	Group Insurance Premiums	8,817	14,569	32,750	23,500	24,750	5.3%
50430	401(A) Money Purchase	7,191	7,162	10,000	10,500	10,750	2.4%
50432	401(A) Match	4,794	4,775	7,500	7,000	8,250	17.9%
50590	Engineering Fees	-	-	7,500	-	5,000	100.0%
50592	Equipment & Supplies	-	-	-	-	5,000	100.0%
50593	Travel, Training, Schools	-	-	-	750	3,000	300.0%
50595	Fuel & Lubricants	-	-	-	-	4,000	100.0%
50830	Uniforms	-	-	-	-	1,000	100.0%
50853	Street Striping	-		10,000	10,000	10,000	0.0%
50854	Street Patching Contract	34,798	40,637	70,000	70,000	70,000	0.0%
50855	Street Patching Materials	19,068	26,975	50,000	45,000	45,000	0.0%
50856	Drainage	9,825	15,000	45,000	15,000	20,000	33.3%
50857	Traffic Signs Contract	10,633	1,107	12,500	10,500	12,500	19.0%
50858	Traffic Signs Materials	7,541	4,127	7,500	7,500	7,500	0.0%
50859	Litter Control Contract	38,680	47,256	50,000	48,000	50,000	4.2%
50860	Mailbox Installation	-	37,403	25,000	-	-	0.0%
50865	ROW Maintenance	96,207	106,472	95,000	95,000	95,000	0.0%
50867	Golden Nugget Nature Park	-	-	-	-	40,000	100.0%
50868	Martin Park	-	-	-	-	10,000	100.0%
50872	Hiking Trail Park	-	-	-	-	5,000	100.0%
Total	PUBLIC WORKS	348,961	419,956	589,250	519,000	609,500	17.4%
9800	MOWING & CLEARING						
50863	Lot Mowing	530,553	649,138	550,000	575,000	550,000	-4.3%
50864	Lot Clearing	-	-	50,000	30,000	35,000	16.7%
Total	MOWING & CLEARING	530,553	649,138	600,000	605,000	585,000	-3.3%
TOTAL OPERATING EXPENDITURES		7,139,845	7,952,368	8,836,750	8,449,000	9,224,000	9.2%



CITY OF HORSESHOE BAY FY 2021 General Fund Budget - 02

FY 2021
Adopted
Budget

Account Code		FY 2021
FY 2021 CAPITAL PURCHASES		
1000	ADMINISTRATION	
50955	Emergency Equipment Replacement	20,000
3000	TECHNOLOGY SERVICES	
50955	MS 365 Government Exchange Migration	10,000
50955	CAPCOG Ortho Imagery	6,000
5000	FIRE	
50955	Radio Grant - Llano County Fire Dept. (matching grant)	5,000
8000	POLICE	
50955	Mobile Data Terminal (MDT) 6 units	45,000
50956	Replacement of 2 Units w/ equipment	90,000
9500	DEVELOPMENT SERVICES	
50957	Large Format Scanner	10,000
9600	PUBLIC WORKS	
50956	New Service Truck	60,000
TOTAL FY 2021 CAPITAL PURCHASES		<u>246,000</u>

Capital Improvements Fund

The City's Capital Improvements Fund is for major capital projects and purchases that are non-utility. The majority of these major capital projects and purchases are street-related but have been other projects and purchases in the past, such as construction of a police department building and purchase of two brand new fire trucks.

The items in the Capital Improvements Fund are typically funded through two sources – by issuing tax-backed debt (either Certificates of Obligation or General Obligation Bonds) or by transferring and using unassigned fund balances in the General Fund. For FY 2021 City Council and staff reviewed the 5 year projections and determined that it made financial sense to borrow the money needed for the capital projects instead of using unassigned fund balances in the General Fund. This method allows the City to keep healthy reserve balances while borrowing at an all-time low interest rate and maintain the same property tax rate as prior year. The City will borrow \$4,000,000 through Certificates of Obligations.

The first project for FY 2021 is street upgrades in the amount of \$1,000,000. This project will be for new pavement and curb on approximately 1.6 miles of streets. There are an estimated 20 streets being considered for improvement throughout the City, many of the streets are in the south and west side of Horseshoe Bay.

The second and third major projects for FY 2021 are continuation of the City's sealcoating cycle. The areas for sealcoating are Horseshoe Bay South at an estimated amount of \$500,000 and Ferguson and Fairways at an estimated amount of \$1,265,000. Sealcoating protects the streets and maintains the life of the streets, allowing the streets to go longer periods of time without having to be completely repaved. Sealcoating usually lasts five to seven years, depending on weather and traffic patterns on those streets.

The fourth project is infrastructure for broadband internet access at an estimated cost of \$250,000. This project is in the preliminary stages of planning and may not come to fruition ever let alone in FY 2021. However, this exciting possibility would address the lack of wireless internet service for the northern section of HWB West due to geography limitations, i.e. line of sight. The plan entails to have a wireless internet provider (WISP) construct an antenna apparatus to reach this area of HSB West. The City's potential cost could possibly be for limited cost sharing getting fiber to this projected location.



CITY OF HORSESHOE BAY
FY 2021 Capital Projects Budget - 07
(Streets)

Account Code	Account Title	FY 2018 Final Actuals	FY 2019 Final Actuals	FY 2020 Amended Budget	FY 2020 Projected Actuals	FY 2021 Adopted Budget
Estimated Beginning Fund Balance:		\$ 22,365	\$ 1,353,882	\$ 185,607	\$ 185,607	\$ -
REVENUES						
REVENUES						
40220	Interest Income	10,392	11,652	-	1,910	2,500
40300	Bond Proceeds	-	-	-	-	4,000,000
40310	Transfer In from General Fund	1,636,750	1,511,480	1,120,600	857,062	-
TOTAL REVENUES		1,647,142	1,523,132	1,120,600	858,972	4,002,500
EXPENDITURES						
EXPENDITURES						
50534	2020 Series Bond Issuance Cost	-	-	-	-	235,000
50961-975	Contribution to FM 2147 Improve	-	-	120,000	120,000	-
50961-990	Sealcoating	-	-	1,000,000	780,401	-
50961-979	The Hills Road (Chip Seal Only)	-	-	80,000	70,665	-
50961-980	Tory Lane & Lost River	-	-	80,000	73,513	-
50961-XXX	Street Upgrades	844,413	2,691,407	-	-	1,000,000
50965-XXX	HSB South Seal Coating	-	-	-	-	500,000
50965-XXX	Ferguson & Fairways Seal Coating	-	-	-	-	1,265,000
50965-XXX	Internet Infrastructure	-	-	-	-	250,000
TOTAL EXPENDITURES		844,413	2,691,407	1,280,000	1,044,579	3,250,000
Estimated Ending Fund Balance		\$ 825,094	\$ 185,607	\$ 26,207	\$ -	\$ 752,500

Debt Service Fund

From time to time, cities will often incur various amounts of debt to fund major capital expenses. Capital expenses are typically classified in one of two ways: either they are assets that have a large purchase price or a long-life expectancy. The City of Horseshoe Bay has incurred debt to pay for projects in both categories.

Why Debt?

In today's economic environment, there is a great debate over debt and its place in government operations. In short, debt to pay for daily governmental operations is irresponsible; this is a value that the leadership of the City of Horseshoe Bay does not subscribe to. The responsible uses of debt to pay for items that will improve quality of life in the City or to contribute further to economic and community development are, however, values that City leadership upholds.

The justification for issuing debt to make these purchases fall under a pay-as-you-use perspective. This view holds that future citizens who enjoy the use of certain infrastructure have an obligation to pay for it. For example, a family living in the City of Horseshoe Bay five years from now should help pay for the improvements to the streets they drive on. The following sections will illustrate how the City of Horseshoe Bay is being responsible with the debt it has issued and intends to issue.

Measures of Capacity – Peer Comparisons

City	Population	Total Taxable Value	Total Tax Rate	Total Debt	% Total Debt to Taxable	Debt per Capita
Lakeway	15,673	5,124,808,209	0.1694000	31,565,000	0.62%	2,014
Fredericksburg	11,446	2,287,111,318	0.2272840	27,705,000	1.21%	2,420
Lampasas	7,909	372,964,110	0.3952180	12,590,000	3.38%	1,592
Burnet	7,100	400,539,765	0.6237000	24,212,170	6.04%	3,410
Lago Vista	6,815	1,035,412,830	0.6475000	33,789,000	3.26%	4,958
Bee Cave	8,187	2,343,018,783	0.0200000	9,720,000	0.41%	1,187
Marble Falls	6,905	837,800,028	0.6100000	32,943,558	3.93%	4,771
Granite Shoals*	5,117	398,934,988	0.5631300	979,851	0.25%	191
Llano*	3,422	176,696,850	0.7193600	5,438,716	3.08%	1,589
Average			0.4417324	19,882,588	2.80%	2,119
Horseshoe Bay	6,400	2,187,676,596	0.2700000	8,215,000	0.38%	1,284

*2018 data

Table 1 – Peer City Comparison
Source: 2020 Texas Municipal League Annual Tax and Debt Survey

Table 1 of this section provides a comparison of other cities in the region who have incurred debt, most of which are of a comparable size. The table indicates that Horseshoe Bay has one of the lowest levels of debt, a tax rate that is below the average of the comparison cities, a lower debt per capita ratio, and a debt to taxable value ratio that is much lower than that of the comparison cities.

Revenue

The proposed FY 2021 City tax rate is \$0.27000 per \$100 of taxable value. The interest and sinking rate is \$0.03473. The projected amount to be raised from ad valorem taxes for debt payments is approximately \$811,000. The City uses a 98% collection rate to project the amount of revenue raised from the interest and sinking rate.

Expenditures

The City currently has four outstanding debt service obligations in the Debt Service Fund, totaling \$8,215,000. This debt is secured by property tax collections. Certificates of Obligation Series 2011 and Series 2014 were both issued for street capital projects. Certificates of Obligation Series 2016 was issued to purchase 2 new fire trucks for the Fire Department. General Obligations Refunding Series 2020 was to refund Series 2011 strictly for cost savings.

Legal Debt Margin

The state of Texas limits the maximum debt service to \$2.50 for \$100 assessed valuation. The Texas Attorney General has adopted an administrative policy that prohibits the issuance of debt that would result in a total debt service tax rate that exceeds \$1.50 of the allowable \$2.50. The City of Horseshoe Bay follows these guidelines for debt limitation. The City Charter of Horseshoe Bay requires a public hearing before the issuance of any debt.



CITY OF HORSESHOE BAY
FY 2021 Debt Service Budget - 08

Account Code	Account Title	FY 2018 Final Actuals	FY 2019 Final Actuals	FY 2020 Amended Budget	FY 2020 Projected Actuals	FY 2021 Adopted Budget
Estimated Beginning Fund Balance:		\$ 74,524	\$ 71,816	88,240	\$ 88,240	\$ 101,490
REVENUES						
7000	TAX					
40150	Property Tax Collected (I & S)	744,345	851,658	822,186	828,000	811,000
40152	Penalty & Interest (I & S)	-	4,541	-	4,750	4,500
9900	INTEREST INCOME					
40220	Interest on Investments	1,939	6,724	4,500	4,500	4,500
TOTAL REVENUES		746,284	862,923	826,686	837,250	820,000
EXPENDITURES						
9994	DEBT SERVICE (General Fund Projects)					
50518	Debt Service Interest - Series 2011	148,415	134,353	126,819	65,500	-
50520	Debt Service Principal - Series 2011	275,000	290,000	295,000	295,000	-
50521	Debt Service Interest - Series 2014	152,046	145,996	142,896	143,000	139,750
50522	Debt Service Principal - Series 2014	150,000	155,000	155,000	155,000	165,000
50523	Debt Service Interest - Series 2016	23,531	26,150	24,250	24,250	22,500
50524	Debt Service Principal - Series 2016	-	95,000	95,000	95,000	100,000
50530	Debt Service Interest - Ref Series 2020	-	-	-	46,250	108,750
50529	Debt Service Principal - Series Ref 2020	-	-	-	-	275,000
50531	Debt Service Interest - Series 2020	-	-	-	-	51,722
50532	Debt Service Principal - Series 2020	-	-	-	-	10,000
TOTAL EXPENDITURES		748,992	846,499	838,965	824,000	872,722
Estimated Ending Fund Balance		71,816	\$ 88,240	\$ 75,961	\$ 101,490	\$ 48,768



CITY OF HORSESHOE BAY
FY 2021 Utility Fund Budget - 01

Estimated Beginning Fund Balance:	\$ 1,045,961	\$ 312,870	\$ 219,944	\$ 219,944	\$ 1,005,194
	FY 2018 Final Actuals	FY 2019 Final Actuals	FY 2020 Amended Budget	FY 2020 Projected Actuals	FY 2021 Adopted Budget
Revenues:					
Administration	\$ 452,382	\$ 239,947	\$ 312,000	\$ 352,000	\$ 270,000
Water Service Charges	\$ 3,822,770	\$ 4,166,949	\$ 4,536,000	\$ 4,571,750	\$ 4,953,250
Wastewater Service Charges	\$ 2,798,483	\$ 3,059,028	\$ 9,303,000	\$ 9,192,500	\$ 3,471,000
Solid Waste Service Charges	\$ 900,318	\$ 997,728	\$ 1,026,750	\$ 1,090,500	\$ 1,117,500
Standby	\$ 1,513	\$ 677	\$ 750	\$ 750	\$ 750
Interest Income	\$ 15,448	\$ 7,446	\$ 8,000	\$ 52,000	\$ 25,000
Total Revenues	\$ 7,990,914	\$ 8,471,775	\$ 15,186,500	\$ 15,259,500	\$ 9,837,500
Expenditures:					
Administration	\$ 1,642,244	\$ 1,907,471	\$ 2,217,750	\$ 2,153,250	\$ 2,214,250
Water - Production	\$ 829,624	\$ 878,395	\$ 922,250	\$ 937,250	\$ 1,024,000
Water - Distribution	\$ 940,709	\$ 1,030,756	\$ 1,004,250	\$ 950,500	\$ 1,048,750
Wastewater - Treatment	\$ 381,959	\$ 353,172	\$ 469,750	\$ 461,250	\$ 524,250
Wastewater - Collection	\$ 1,238,843	\$ 1,405,840	\$ 1,296,000	\$ 1,203,750	\$ 1,330,250
Solid Waste - Recycling	\$ 790,928	\$ 801,251	\$ 831,750	\$ 835,500	\$ 901,500
Debt Service	\$ 1,324,806	\$ 1,327,056	\$ 1,498,750	\$ 1,442,000	\$ 1,463,000
Total Expenditures	\$ 7,149,112	\$ 7,703,941	\$ 8,240,500	\$ 7,983,500	\$ 8,506,000
Revenues Less Expenditures	\$ 841,802	767,834	6,946,000	\$ 7,276,000	\$ 1,331,500
Estimated Ending Fund Balance (after O&M only):	\$ 1,887,763	1,080,704	7,165,944	\$ 7,495,944	\$ 2,336,694
Routine Capital Purchases	\$ 458,250	\$ 618,394	\$ 633,250	\$ 490,750	\$ 702,000
Major Capital Projects	\$ 1,116,643	\$ 242,366	\$ 5,350,000	\$ 5,041,000	\$ 1,309,000
Total Capital Expenditures	\$ 1,574,893	\$ 860,760	\$ 5,983,250	\$ 5,531,750	\$ 2,011,000
Est. Ending Fund Balance (After Capital Exp)	\$ 312,870	\$ 219,944	\$ 1,182,694	\$ 1,964,194	\$ 325,694
Add: Transfer in from General Fund (Zebra Mussel Treatment)				\$ 41,000	\$ 309,000
Estimated Ending Fund Balance:				\$ 2,005,194	\$ 634,694
Estimated Balance of Restricted Funds from C.O.				(1,000,000)	1,000,000
Estimated Ending Unrestricted Fund Balance:				\$ 1,005,194	\$ 1,634,694

Utility Fund Overview

The Utility Fund is an enterprise fund that includes all water and wastewater system operations and solid waste operations. The City provides water and wastewater services within its designated CCN area to all visitors, businesses, and approximately 6,400 full-time and part-time residents, as well as various contracted customers outside City limits.

The City obtains untreated (raw water) from Lake LBJ on the Colorado River under a purchasing contract with the Lower Colorado River Authority. The City operates two water treatment plants, West Water Treatment Plant and Central Water Treatment Plant.

The City operates one wastewater treatment plant, located west of Horseshoe Bay. The City's sewer system is a low-pressure sewer system and was the first to be installed in Texas. This is now a popular option for many areas where rock or groundwater problems exist. Customers have grinder pump system basins on their property, in which the wastewater is collected, ground up, and pumped into the City's sewer mainline. The City utilizes 8 wastewater lift stations and has over 88 miles of wastewater mainlines.

The City of Horseshoe Bay operates a reclamation center where residents can bring their recyclables. The reclamation center also has a brush disposal site available to residents of Horseshoe Bay and to permitted commercial customers that are hauling brush from within the corporate boundaries of Horseshoe Bay.

As the City has been experiencing rapid growth, there has been a corresponding expansion of the City's utility services area. The City now provides more water and wastewater services and solid waste services to more households and businesses than ever before.

This budget provides funding for all positions with a 3% merit increase to all employees and 5% increase to health insurance costs. The budget also considers increases in operating costs such as utilities and chemicals. The water and wastewater rates for residents and businesses have a 9% increase and the solid waste rates have a 9% increase.

UTILITY FUND REVENUE

Utility revenue is collected by the City through water sales to customers, fees for wastewater collections and treatment, and fees for solid waste services. Approximately 97% of total revenues into this fund originate from water sales, wastewater fees, and solid waste fees.

Water sales are calculated based on metered water consumption. Wastewater fees and solid waste fees are monthly flat rates for both residential and commercial customers.

It is also helpful to explore how the City's residential utility rates compare with other communities in the region. Table 1 and Table 2 provide this information which shows that Horseshoe Bay's residential utility rates are competitive with other cities. This information is significant as surface water is much more expensive to treat than groundwater, which most cities in Texas have some access to. It is also important to note that the City charges a flat fee for residential wastewater no matter how much usage while all the other area cities except one charge based on the level of usage.

TML SURVEY RESULTS - WATER - Residential and Commercial Cost										
WATER			Residential				Commercial			
Year	City	City Population	Total Customers	Fee for:			Fee for:			
				5,000 Gal.	City	10,000 Gal.	City	50,000 Gal.	200,000 Gal.	
2020	Fredericksburg	11,446	6,086	\$23.85	Fredericksburg	\$41.98	Lago Vista	\$203.20	Round Rock	\$669.51
2020	Round Rock	123,678	35,190	\$29.32	Round Rock	\$42.12	Fair Oaks Ranch	\$220.21	Lago Vista	\$743.20
2020	Horseshoe Bay	6,400	3,297	\$31.95	Boerne	\$53.69	Fredericksburg	\$238.27	Fredericksburg	\$809.77
2020	Boerne	17,106	6,843	\$37.69	Horseshoe Bay	\$55.00	Round Rock	\$249.51	Lampasas	\$952.00
2020	San Marcos	63,509	14,569	\$44.67	Burnet	\$68.04	Lampasas	\$266.60	Taylor	\$1,199.82
2020	Burnet	7,100	2,581	\$44.64	Lampasas	\$69.50	Burnet	\$359.68	Burnet	\$1,228.18
2020	Lampasas	7,909	3,483	\$47.25	Taylor	\$69.90	Taylor	\$368.12	Fair Oaks Ranch	\$1,377.71
2020	Marble Falls	6,932	3,352	\$49.11	Fair Oaks Ranch	\$70.60	Granite Shoals	\$466.46	Marble Falls	\$1,539.27
2020	Taylor	17,167	6,263	\$49.64	Marble Falls	\$73.01	Marble Falls	\$468.27	Boerne	\$1,556.58
2020	Granbury	10,410	5,880	\$52.07	San Marcos	\$78.27	Boerne	\$457.08	Granite Shoals	\$1,721.96
2020	Lago Vista	7,117	4,162	\$52.27	Granite Shoals	\$83.32	Horseshoe Bay	\$500.45	San Marcos	\$1,887.79
2020	Granite Shoals	5,117	2,262	\$54.61	Granbury	\$90.07	San Marcos	\$546.79	Granbury	\$1,975.18
2020	Fair Oaks Ranch	9,700	3,007	\$55.36	Lago Vista	\$84.77	Granbury	\$625.18	Horseshoe Bay	\$2,523.95
	Average			\$47.21		\$69.86	Average	\$382.29		\$1,305.08

Table 1 – 2020 Water Rate Comparison
Source: Texas Municipal League 2020 Annual Utility Rate Survey

TML SURVEY RESULTS - WASTE WATER - Residential and Commercial Cost										
WASTE WATER			Residential				Commercial			
Year	City	City Population	Total Customers	Fee for:			Fee for:			
				5,000 Gal.	City	10,000 Gal.	City	50,000 Gal.	200,000 Gal.	
2020	Round Rock	128,739	34,367	\$30.22	Fair Oaks Ranch	\$45.35	Fair Oaks Ranch	\$45.35	Fair Oaks Ranch	\$45.35
2020	Fredericksburg	11,446	5,720	\$30.75	Round Rock	\$47.17	Lampasas	\$205.50	Lampasas	\$738.00
2020	Lampasas	7,909	2,780	\$41.75	Fredericksburg	\$49.95	Granbury	\$236.88	Round Rock	\$747.79
2020	Fair Oaks Ranch	9,700	1,824	\$45.35	Horseshoe Bay	\$54.54	Round Rock	\$239.29	Granbury	\$824.88
2020	Granbury	9,923	4,463	\$46.48	Lampasas	\$59.50	Fredericksburg	\$264.60	Fredericksburg	\$999.60
2020	Boerne	17,106	6,075	\$50.65	Granbury	\$66.08	Burnet	\$280.00	Burnet	\$1,030.00
2020	San Marcos	63,509	11,754	\$49.02	Boerne	\$78.95	Taylor	\$374.34	Taylor	\$1,410.84
2020	Horseshoe Bay	6,400	3,297	\$54.54	Burnet	\$80.00	Horseshoe Bay	\$432.09	Horseshoe Bay	\$1,690.59
2020	Burnet	7,100	2,341	\$55.00	San Marcos	\$86.92	San Marcos	\$448.37	San Marcos	\$1,585.37
2020	Westlake	1,300	540	\$63.00	Taylor	\$97.94	Boerne	\$509.60	Boerne	\$1,876.10
2020	Taylor	17,167	5,943	\$63.39	Westlake	\$99.75	Westlake	\$688.35	Westlake	\$2,015.85
	Average			\$52.13		\$69.65	Average	\$338.58		\$1,178.58

Table 2 – 2020 Wastewater Rate Comparison
Source: Texas Municipal League 2020 Annual Utility Rate Survey

The total amount of water sales is illustrated in Table 3, which provides historical data on the amount of water revenue the City receives.

Fiscal Year	Gross Water Sales
2011	\$3,054,320
2012	\$2,876,831
2013	\$2,806,975
2014	\$2,525,158
2015	\$2,620,553
2016	\$2,947,336
2017	\$3,128,101
2018	\$3,343,743
2019	\$3,352,500
2020	\$4,586,981

Table 3 – Annual amount of water sales



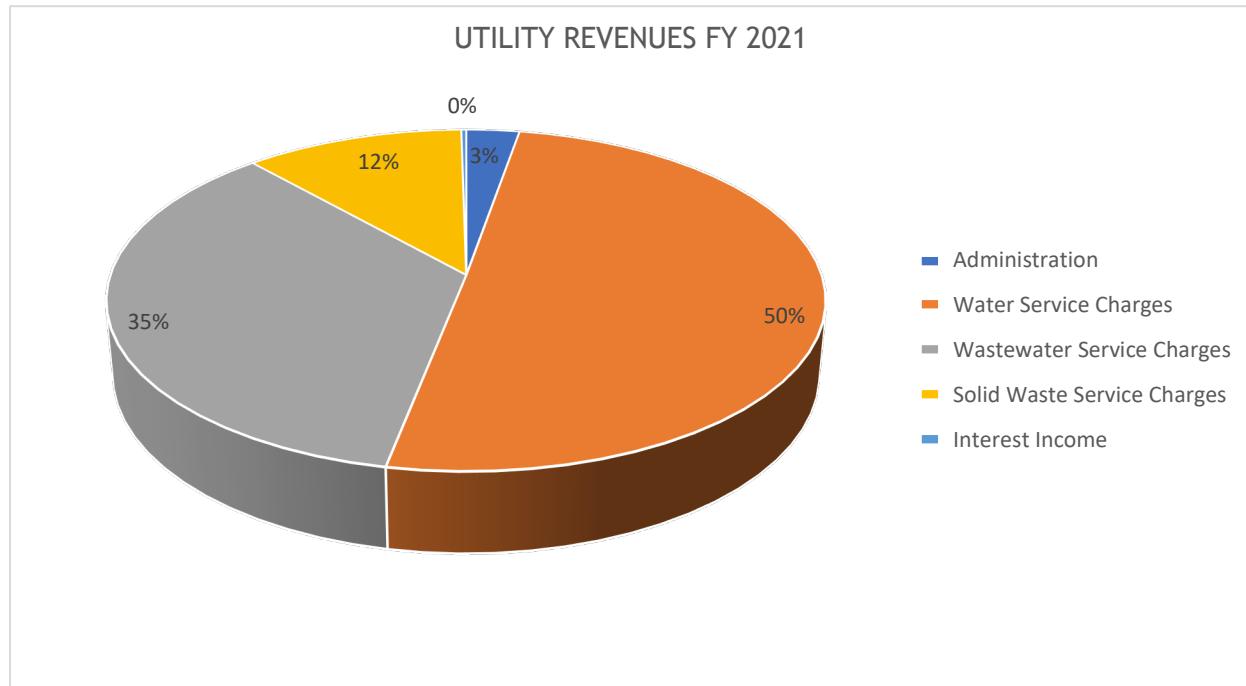
CITY OF HORSESHOE BAY
FY 2021 Utility Fund Budget - 01

Account Code	Account Title	FY 2018 Final Actuals	FY 2019 Final Actuals	FY 2020 Amended Budget	FY 2020 Projected Actuals	FY 2021 Adopted Budget	% Variance from FY20 Projected to FY21
OPERATING REVENUE							
1000	ADMINISTRATION						
40173	Reimbursables-3rd Party Inspections	-	-	-	-	10,000	100.0%
40180	Other Income	102,788	4,321	12,000	55,000	10,000	-81.8%
40181	Grant Revenue	-	-	-	14,000	-	-100.0%
40182	Sale of Property	48,604	11,673	-	-	-	0.0%
40188	Coronavirus Relief Fund	-	-	-	18,000	-	-
40225	PID Revenue - Summit Rock PID	103,220	-	120,000	45,000	50,000	11.1%
40226	Interest Revenue - Summit Rock PID	197,770	223,953	180,000	220,000	200,000	-9.1%
Total	ADMINISTRATION	452,382	239,947	312,000	352,000	270,000	-23.3%
1001	WATER - PRODUCTION						
40110	Water District Service Fees	3,343,743	3,628,752	3,932,500	3,950,000	4,305,500	9.0%
40111	Water Non-District Service Fee	179,519	181,907	201,750	240,000	261,500	9.0%
40112	Water Tap Connection Fees	257,850	271,371	290,000	285,000	290,000	1.8%
40115	Reconnection Fees	7,089	6,568	7,500	5,000	6,500	30.0%
40117	Water & Sewer P & I Service	14,295	11,724	14,500	19,500	15,000	-23.1%
40171	CC Convenience Fee	-	38,334	70,000	60,000	62,000	3.3%
40178	Other Income - Leases	11,750	11,750	11,750	11,750	11,750	0.0%
40180	Other Income	5,788	16,534	6,000	500	1,000	100.0%
40185	Miscellaneous Permits	2,736	8	2,000	-	-	-
Total	WATER - PRODUCTION	3,822,770	4,166,949	4,536,000	4,571,750	4,953,250	8.3%
2001	WASTEWATER - TREATMENT						
40117	Water & Sewer P & I Service	14,251	13,388	15,000	15,000	15,500	3.3%
40120	Sewer Customer Service Fees	2,110,807	2,280,588	2,522,000	2,440,000	2,659,500	9.0%
40122	Sewer Tap Connection Fees	238,361	252,100	260,000	245,000	260,000	6.1%
40124	Sewer Service - Cottonwood Shores	143,490	146,058	175,000	185,000	185,000	0.0%
40125	Sewer Service - LCMUD#1	64,201	51,236	50,000	60,000	60,000	0.0%
40127	Grinder Sales	225,943	315,658	280,000	240,000	290,000	20.8%
40180	Other Income	1,429	-	1,000	3,500	1,000	-71.4%
40300	Bond Proceeds	-	-	6,000,000	6,004,000	-	-100.0%
Total	WASTEWATER - TREATMENT	2,798,483	3,059,028	9,303,000	9,192,500	3,471,000	-62.2%
3001	SOLID WASTE - RECYCLING						
40126	Brush Disposal	10,185	12,034	14,000	20,000	15,000	-25.0%
40130	Garbage Fees - Commercial	133,397	129,514	132,250	170,000	175,000	2.9%
40135	Garbage Fees - Residential	756,389	854,673	880,000	900,000	927,000	3.0%
40180	Other Income	347	1,507	500	500	500	0.0%
Total	SOLID WASTE - RECYCLING	900,318	997,728	1,026,750	1,090,500	1,117,500	2.5%



CITY OF HORSESHOE BAY
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Account Code	Account Title	FY 2018 Final Actuals	FY 2019 Final Actuals	FY 2020 Amended Budget	FY 2020 Projected Actuals	FY 2021 Adopted Budget	% Variance from FY20 Projected to FY21
4000	STANDBY						
40140	Standby Customer Service Fees	601	238	250	250	250	0.0%
40142	Penalty & Interest - Standby	911	439	500	500	500	0.0%
Total	STANDBY	1,513	677	750	750	750	0.0%
9900	INTEREST INCOME						
40220	Interest on Investments	15,448	7,446	8,000	52,000	25,000	-51.9%
Total	INTEREST INCOME	15,448	7,446	8,000	52,000	25,000	-51.9%
TOTAL OPERATING REVENUE		7,990,914	8,471,775	15,186,500	15,259,500	9,837,500	-35.5%



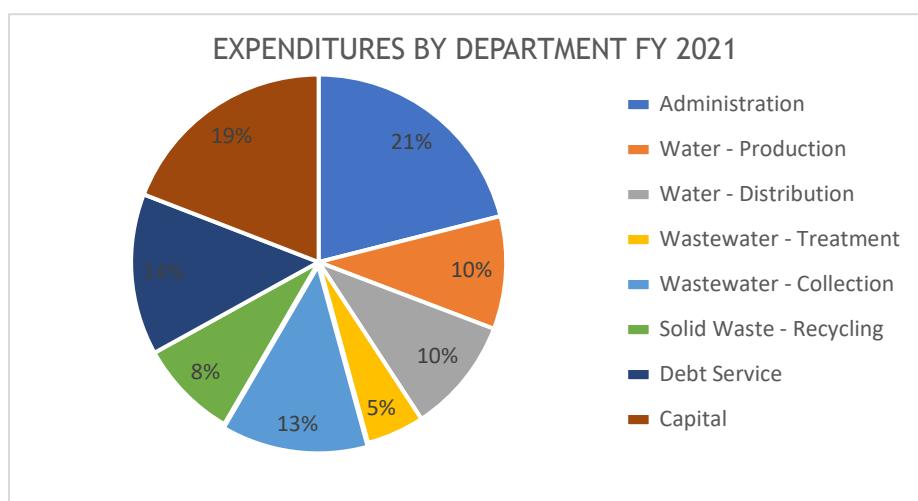
UTILITY FUND EXPENDITURES

The Utility Fund, also referred to as Community Services, is divided into six departments: Administration, Water – Production, Waste – Distribution, Wastewater – Treatment, Wastewater – Collection, and Solid Waste – Recycling.

This budget includes increases in operational department budgets relating to personnel services. All salary expenses are increased by 3% for annual merit increases. The City employee compensation package also includes retirement pension funding and a 5% increase to health insurance costs. All other notable items are specifically listed for each department.

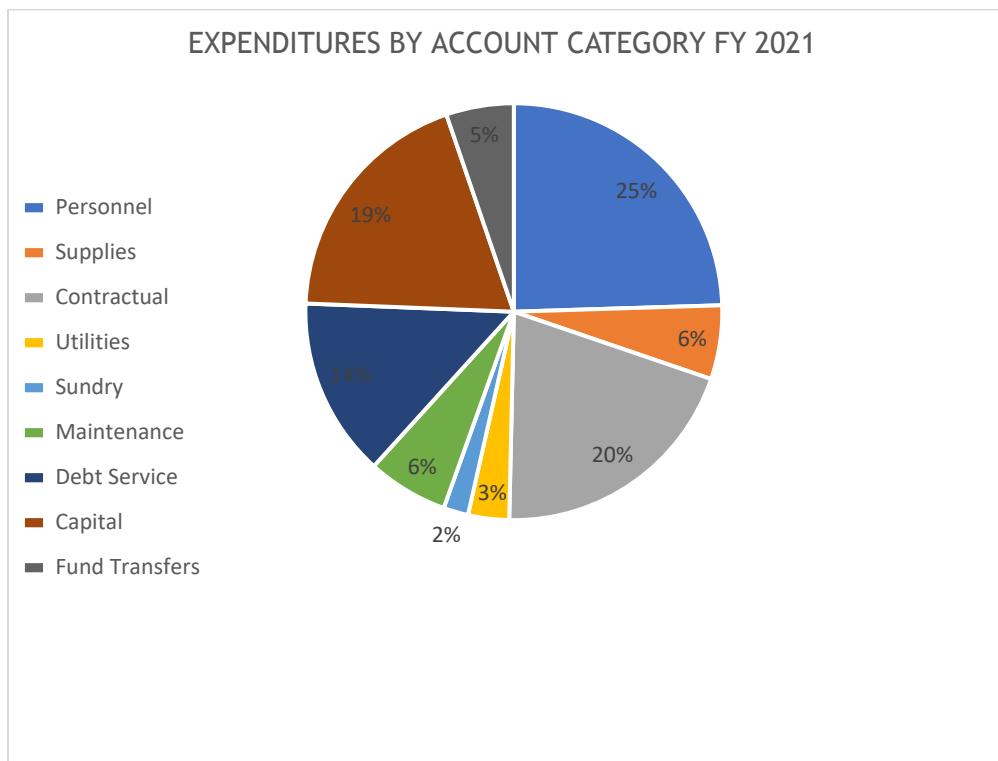
FY 2021 BUDGET – UTILITY EXPENDITURES BY DEPARTMENT

DEPARTMENT	FY 2018 Final Actuals	FY 2019 Final Actuals	FY 2020 Amended Budget	FY 2020 Projected Actuals	FY 2021 Adopted Budget
Administration	1,642,244	1,907,471	2,217,750	2,153,250	2,214,250
Water - Production	829,624	878,395	922,250	937,250	1,024,000
Water - Distribution	940,709	1,030,756	1,004,250	950,500	1,048,750
Wastewater - Treatment	381,959	353,172	469,750	461,250	524,250
Wastewater - Collection	1,238,843	1,405,840	1,296,000	1,203,750	1,330,250
Solid Waste - Recycling	790,928	801,251	831,750	835,500	901,500
Debt Service	1,324,806	1,327,056	1,498,750	1,442,000	1,463,000
Capital	<u>1,574,893</u>	<u>860,760</u>	<u>5,983,250</u>	<u>5,531,750</u>	<u>2,011,000</u>
TOTAL	8,724,006	8,564,701	14,223,750	13,515,250	10,517,000



FY 2021 BUDGET – UTILITY EXPENDITURES BY ACCOUNT CATEGORY

ACCOUNT CATEGORY	FY 2018 Final Actuals	FY 2019 Final Actuals	FY 2020 Amended Budget	FY 2020 Projected Actuals	FY 2021 Adopted Budget
Personnel	1,963,671	2,213,383	2,375,750	2,190,500	2,577,250
Supplies	476,955	538,628	506,750	571,000	602,500
Contractual	1,769,961	1,872,327	1,954,500	1,913,250	2,116,000
Utilities	304,236	311,798	336,500	309,000	334,500
Sundry	109,405	153,274	209,750	187,750	202,750
Maintenance	566,078	585,143	609,500	621,000	658,000
Debt Service	1,324,806	1,327,056	1,498,750	1,442,000	1,463,000
Capital	1,574,893	860,760	5,983,250	5,531,750	2,011,000
Fund Transfers	<u>634,000</u>	<u>702,333</u>	<u>749,000</u>	<u>749,000</u>	<u>552,000</u>
TOTAL	8,724,006	8,564,701	14,223,750	13,515,250	10,517,000



Community Services

To protect the public health, safety, and environment of the communities served by ensuring safe and adequate water, wastewater, and solid waste services are performed in a reliable, professional, and economical manner.

Description

- Provide safe and potable water through effective treatment and distribution to customers
- Rapid response to customer calls for services to support community health and wellbeing
- Ensure compliance with regulatory mandates and reporting as required by state and federal regulators
- Manage Capital Improvement Projects for existing and future demands on infrastructure and operations
- Provide programs and services to support conservation and education related to utilities and the environment

FY 2020 Accomplishments

- Began the 18-month capital improvements construction phase to expand and rehabilitate the City's Wastewater Treatment Facilities and the replacement of the east effluent pond's synthetic liner.
- Completed a three-year water and wastewater leak detection project. Cover last 1/3 of City's mainlines.
- Filed for a FEMA Flood Mitigation Grant to provide flood protection for the City's Drinking water intake pump stations. FEMA accepted application and is now under review. If awarded, it will be in FY2021.
- Complete 90% replacement of existing manual meter reading system with Automated Metering Infrastructure (Smart Metering System).
- Replaced final of the three aging 2-million-gallon membrane modules at the Central Water Treatment Plant. Also replaced failing air compression back washing system.
- Staff developed strategic plans for implementation to improve customer knowledge and interactive tools for services and utility related information. Created a Balanced Score Card to provide transparency.
- Oversite of completion of utility design and construction of offsite utilities for the Parks of Horseshoe Bay and for the onsite utility design and construction of the Brixton Assisted Living facility.
- Complete 126 water and sewer service taps connections within FY 2020. A slight increase from FY 2019 service taps of 120.
- Implemented new Watersmart Customer Portal System to provide improved customer ability to have access to their hourly water usage and billing history. Sent out leak alerts to customers.
- Install drinking water taste and odor mitigation equipment (Sodium Permanganate) related to reoccurring taste and odor issues due to lake turn over and algae blooms.
- Completed Central Water Treatment Plant conversion from Chlorine gas to the much safer liquid state. All treatment facilities are now operating on the safer disinfectant liquid state systems.

FY 2021 Goals

- Begin upgrading the water and wastewater plant supervisory control and data management system. Upgrade the communications networks and other control systems that are now obsolete.
- Complete EPA required vulnerability assessment and emergency response plan revisions related the American Infrastructure Act.
- Replace South Sewer Lift-station pumps, motors, piping and electrical and rehabilitate existing wet well.
- Oversight of utility design and construction of Phase II of the new Tuscan Village, Phoenix Center, three new Waters Towers building project and The Parks Subdivisions utilities infrastructure expansion.
- Complete CIP construction project for expansion of the City's wastewater treatment facilities and replace old synthetic liner in eastern effluent storage pond.
- Seek approval of TCEQ to install a Copper Ion injections equipment to mitigate Zebra Mussels from entering the drinking water intake infrastructure and treatment facilities.
- Completion of city-wide conversion from manual water meters to Automated Metering Infrastructure (AMI). Launch customer education campaign on Customer WaterSmart Customer Portal system that will provide access and monitoring capabilities for their own individual watering usage data.

Administration Summary

	FY 2018 Final Actuals	FY 2019 Final Actuals	FY 2020 Amended Budget	FY 2020 Projected Actuals	FY 2021 Adopted Budget
Personnel	369,415	459,622	662,500	644,500	748,000
Supplies	19,695	23,986	23,500	24,500	28,000
Contractual	208,729	251,634	259,500	256,000	357,000
Utilities	304,236	311,798	336,500	309,000	334,500
Sundry	64,788	100,190	120,750	104,250	110,750
Maintenance	41,380	57,908	66,000	66,000	84,000
Fund Transfers	<u>634,000</u>	<u>702,333</u>	<u>749,000</u>	<u>749,000</u>	<u>552,000</u>
TOTAL	1,642,244	1,907,471	2,217,750	2,153,250	2,214,249

HIGHLIGHTS – FY 2021 Adopted Budget Changes from FY 2020 Amended Budget

- Increased salary and benefit expenses by \$85,500
- Added full-time Administrative Assistant position
- Increased Professional Services by \$25,000
- Added new line item for Reimbursable Exp. 3rd Party for \$10,000
- Increased Maintenance Contracts by \$17,000
- Increased Dues, Fees, & Subscriptions by \$1,000
- Decreased Electricity by \$2,000
- Added new line item for Master Plan/Impact Fee Study for \$60,000
- Increased Engineering Fees by \$5,000
- Decreased Travel, Training, Schools by \$10,000

- Increased Employee Awards Program by \$2,000
- Decreased Wellness Program by \$4,000
- Decreased M & R – Building by \$4,000
- Increased M & R – Grounds by \$500
- Increased Citi Merchant Fees by \$1,000
- Increased Printing & Office Supplies by \$4,000
- Decreased Communications by \$2,000
- Increased Uniforms by \$500
- Decreased Administrative Fees by \$197,000

Water – Production Summary

	FY 2018 Final Actuals	FY 2019 Final Actuals	FY 2020 Amended Budget	FY 2020 Projected Actuals	FY 2021 Adopted Budget
Personnel	255,415	270,343	314,750	312,250	368,500
Supplies	116,603	183,856	134,500	169,000	189,500
Contractual	339,769	342,485	361,000	340,000	352,000
Sundry	1,644	1,790	2,000	2,000	2,000
Maintenance	116,192	79,921	110,000	114,000	112,000
TOTAL	829,624	878,395	922,250	937,250	1,024,000

HIGHLIGHTS – FY 2021 Adopted Budget Changes from FY 2020 Amended Budget

- Increased salary and benefit expenses by \$53,750
- Added full time position for Maintenance Operator (50% of cost)
- Decreased Bulk Water Purchases by \$15,000
- Increased Chemicals/Water by \$50,000
- Increased Contract Services by \$1,000
- Increased Lab Expense by \$5,000
- Increased Equipment & Supplies by \$4,000
- Increased M & R – Equipment by \$1,000
- Increased M & R – Vehicles by \$1,000
- Increased Safety Equipment & Supplies by \$500
- Increased Uniforms by \$500

Water – Distribution Summary

	FY 2018 Final Actuals	FY 2019 Final Actuals	FY 2020 Amended Budget	FY 2020 Projected Actuals	FY 2021 Adopted Budget
Personnel	489,787	546,323	480,250	404,000	488,250
Supplies	160,694	145,967	153,000	167,500	170,000
Contractual	223,835	272,852	277,000	278,000	292,000
Sundry	41,250	47,539	67,000	74,000	70,000
Maintenance	25,142	18,075	27,000	27,000	28,500
TOTAL	940,709	1,030,756	1,004,250	950,500	1,048,750

HIGHLIGHTS – FY 2021 Adopted Budget Changes from FY 2020 Amended Budget

- Increased salary and benefit expenses by \$8,000
- Added full time position for Warehousing Administrator (50% of cost)
- Increased Contract Services by \$10,000
- Increased Contract Services – Taps/New Service by \$5,000
- Increased Equipment & Supplies by \$3,000
- Increased M & R – Equipment by \$500
- Increased M & R – Vehicles by \$2,000
- Increased M & R Materials – Line by \$5,000
- Increased M & R Materials – WT Tap by \$8,000
- Increased Meter Expense – New Svc by \$3,000
- Increased Safety Equipment & Supplies by \$500
- Increased Uniforms by \$500

Wastewater – Treatment Summary

	FY 2018 Final Actuals	FY 2019 Final Actuals	FY 2020 Amended Budget	FY 2020 Projected Actuals	FY 2021 Adopted Budget
Personnel	266,222	281,332	336,000	326,500	378,250
Supplies	29,572	26,512	34,750	34,750	44,000
Contractual	31,479	20,076	49,000	42,000	55,000
Sundry	304	1,180	1,000	1,000	1,000
Maintenance	54,383	24,072	49,000	57,000	46,000
TOTAL	381,959	353,172	469,750	461,250	524,250

HIGHLIGHTS – FY 2021 Adopted Budget Changes from FY 2020 Amended Budget

- Increased salary and benefit expenses by \$42,250
- Added full time position for Maintenance Operator (50% of cost)
- Increased Chemicals/WW Treatment by \$4,000
- Increased Lab Expense by \$2,000
- Increased Equipment & Supplies by \$4,500
- Decreased M & R – Plant by \$5,000
- Increased M & R – Vehicles by \$2,000
- Increased Bio Solids – Compost by \$4,000
- Increased Safety Equipment & Supplies by \$500
- Increased Uniforms by \$250

Wastewater – Collection Summary

	FY 2018 Final Actuals	FY 2019 Final Actuals	FY 2020 Amended Budget	FY 2020 Projected Actuals	FY 2021 Adopted Budget
Personnel	509,258	568,143	496,500	412,750	488,250
Supplies	150,390	158,307	161,000	175,250	171,000
Contractual	248,795	271,648	262,000	252,250	264,500
Sundry	1,419	2,575	19,000	6,500	19,000
Maintenance	328,980	405,167	357,500	357,000	387,500
TOTAL	1,238,843	1,405,840	1,296,000	1,203,750	1,330,250

HIGHLIGHTS – FY 2021 Adopted Budget Changes from FY 2020 Amended Budget

- Decreased salary and benefit expenses by \$8,250
- Added full time position for Warehousing Administrator (50% of cost)
- Increased Contract Services – Taps/New Services by \$2,500
- Increased Fuel & Lubricants by \$1,000
- Increased M & R – Equipment by \$6,500
- Increased Grinder Pump by \$20,000
- Increased M & R – Vehicles by \$3,500
- Increased M & R Materials – Line by \$8,000
- Increased Safety Equipment & Supplies by \$500
- Decreased Other Expense by \$250
- Increased Uniforms by \$500

Solid Waste – Recycling Summary

	FY 2018 Final Actuals	FY 2019 Final Actuals	FY 2020 Amended Budget	FY 2020 Projected Actuals	FY 2021 Adopted Budget
Personnel	73,573	87,620	85,750	90,500	106,000
Contractual	<u>717,355</u>	<u>713,632</u>	<u>746,000</u>	<u>745,000</u>	<u>795,500</u>
TOTAL	790,928	801,252	831,750	835,500	901,500

HIGHLIGHTS – FY 2021 Adopted Budget Changes from FY 2020 Amended Budget

- Increased salary and benefits expenses by \$20,250
- Increased part time Reclamation Monitor
- Increased Compactor Service by \$1,500
- Increased Garbage Service – Commercial by \$19,500
- Increased Garbage Service – Residential by \$29,000
- Decreased Recycling Service by \$2,500
- Increased M & R Brush Site by \$2,000



CITY OF HORSESHOE BAY
FY 2021 Utility Fund Budget - 01

Account Code	Account Title	FY 2018 Final Actuals	FY 2019 Final Actuals	FY 2020 Amended Budget	FY 2020 Projected Actuals	FY 2021 Adopted Budget	% Variance from FY20 Projected to FY21
OPERATING EXPENDITURES							
1000	ADMINISTRATION						
50410	Salaries & Wages	283,763	343,884	482,750	462,500	536,750	16.1%
50411	Overtime	4,772	6,389	7,500	4,500	5,000	11.1%
50415	Employers FICA Expense	21,019	24,127	37,500	35,250	41,500	17.7%
50420	Group Insurance Premiums	30,282	50,772	77,750	86,750	103,750	19.6%
50430	401(A) Money Purchase	16,835	20,476	33,000	32,500	36,000	10.8%
50432	401(A) Match	12,743	13,974	24,000	23,000	25,000	8.7%
50505	Professional Services	17,523	40,693	50,000	45,000	75,000	66.7%
50512	Utility Billing	30,417	27,208	32,000	32,000	32,000	0.0%
50513	Reimbursable Exp.- 3rd Party Inspect	-	-	-	-	10,000	100.0%
50545	Maintenance Contracts	20,272	35,321	43,000	43,000	60,000	39.5%
50575	Dues, Fees, & Subscriptions	20,016	22,587	23,000	23,000	24,000	4.3%
50581	Electricity/Recycle Center	877	951	1,000	1,000	1,000	0.0%
50582	Electricity/WW Treatment Plant	125,194	125,344	140,000	115,000	140,000	21.7%
50583	Electricity/West WTP	62,200	65,026	64,000	66,500	67,000	0.8%
50585	Electricity/Field Maintenance Facilities	6,039	6,166	6,500	6,500	6,500	0.0%
50586	Electricity / CWTP	109,928	114,311	125,000	120,000	120,000	0.0%
50589	Master Plan/Impact Fee Study	-	-	-	-	60,000	100.0%
50590	Engineering Fees	33,172	74,481	55,000	60,500	60,000	-0.8%
50593	Travel, Training, Schools	38,978	41,116	55,000	30,000	45,000	50.0%
50596	Employee Awards Program	149	309	750	750	2,750	266.7%
50598	Wellness Program	-	-	8,500	4,500	4,500	0.0%
50630	M & R - Building	13,906	7,814	20,000	16,000	16,000	0.0%
50650	M & R - Grounds	27,474	34,129	32,500	32,500	33,000	1.5%
50753	City Banking Fees	63,910	67,309	70,000	70,000	71,000	1.4%
50765	Other Expense	5,612	6,788	9,000	10,500	9,000	-14.3%
50766	Covid-19 Disaster Expenses	-	-	-	14,000	4,000	-71.4%
50775	Postage	206	317	500	500	500	0.0%
50780	Printing & Office Supplies	17,224	22,284	21,000	22,000	25,000	13.6%
50810	Communications	43,435	40,854	47,000	44,000	45,000	2.3%
50825	Uncollectable Accounts	32	57	500	500	500	0.0%
50830	Uniforms	2,265	1,385	2,000	2,000	2,500	25.0%
50840	Administrative Fees	634,000	702,333	749,000	749,000	552,000	-26.3%
	Bad Debt Expense	-	11,067	-	-	-	
Total	ADMINISTRATION	1,642,244	1,907,471	2,217,750	2,153,250	2,214,250	2.8%
1001	WATER - PRODUCTION (PLANT OPERATIONS)						
50410	Salaries & Wages	169,742	179,246	203,250	198,000	240,250	21.3%
50411	Overtime	21,564	20,040	25,000	32,000	24,000	-25.0%
50415	Employers FICA Expense	14,073	14,162	17,500	17,000	20,250	19.1%
50420	Group Insurance Premiums	31,719	37,985	46,250	45,750	59,750	30.6%
50430	401(A) Money Purchase	10,485	11,268	13,250	11,000	14,750	34.1%
50432	401(A) Match	7,832	7,642	9,500	8,500	9,500	11.8%



CITY OF HORSESHOE BAY
FY 2021 Utility Fund Budget - 01

Account Code	Account Title	FY 2018 Final Actuals	FY 2019 Final Actuals	FY 2020 Amended Budget	FY 2020 Projected Actuals	FY 2021 Adopted Budget	% Variance from FY20 Projected to FY21
50535	Bulk Water Purchases	315,420	297,060	330,000	310,000	315,000	1.6%
50540	Chemicals / Water	97,456	165,559	115,000	150,000	165,000	10.0%
50548	Contract Services	1,626	4,494	3,000	3,000	4,000	33.3%
50555	Lab Expense	19,811	35,457	25,000	24,000	30,000	25.0%
50592	Equipment & Supplies	5,336	5,483	4,500	4,500	8,500	88.9%
50595	Fuel & Lubricants	7,369	6,615	7,500	7,000	7,500	7.1%
50640	M & R - Equipment	6,049	8,327	6,000	8,000	7,000	-12.5%
50675	M & R - Plant	106,417	67,217	100,000	100,000	100,000	0.0%
50685	M & R - Vehicles	3,727	4,377	4,000	6,000	5,000	-16.7%
50765	Other Expense	1,644	1,790	2,000	2,000	2,000	0.0%
50785	Rent / Lease	2,913	5,474	3,000	3,000	3,000	0.0%
50800	Safety Equipment & Supplies	3,561	2,508	4,000	4,000	4,500	12.5%
50830	Uniforms	2,880	3,691	3,500	3,500	4,000	14.3%
Total	WATER - PRODUCTION	829,624	878,395	922,250	937,250	1,024,000	9.3%
1002	WATER - DISTRIBUTION (FIELD OPERATIONS)						
50410	Salaries & Wages	322,844	351,417	302,000	244,250	315,000	29.0%
50411	Overtime	46,362	45,666	41,500	41,500	41,500	0.0%
50415	Employers FICA Expense	26,834	27,714	26,250	21,750	27,250	25.3%
50420	Group Insurance Premiums	62,900	87,833	80,250	74,500	77,000	3.4%
50430	401(A) Money Purchase	15,539	18,793	16,500	14,000	17,500	25.0%
50432	401(A) Match	15,308	14,900	13,750	8,000	10,000	25.0%
50545	Maintenance Contracts	-	-	18,000	22,000	18,000	-18.2%
50548	Contract Services	155,176	11,662	2,000	11,000	12,000	9.1%
50549	Contract Services - Taps/New Service	-	241,716	238,000	230,000	243,000	5.7%
50550	Contract Serv-Leak Detect/GPS	27,639	-	17,000	17,000	17,000	0.0%
50592	Equipment & Supplies	22,488	19,510	22,000	22,000	25,000	13.6%
50595	Fuel & Lubricants	15,166	12,727	16,000	16,000	16,000	0.0%
50640	M & R - Equipment	16,805	9,619	17,000	17,000	16,500	-2.9%
50685	M & R - Vehicles	8,338	8,456	10,000	10,000	12,000	20.0%
50725	M & R Materials - Line	50,237	44,396	47,000	50,500	52,000	3.0%
50726	Street Repair - Paving	41,020	19,474	20,000	20,000	20,000	0.0%
50730	M & R Materials - WT Tap	66,900	58,458	60,000	68,000	68,000	0.0%
50755	Meter Expense - New Svc	37,868	39,370	45,000	48,000	48,000	0.0%
50765	Other Expense	1,448	3,747	2,500	2,500	2,500	0.0%
50785	Rent / Lease	1,934	4,422	1,500	1,500	1,500	0.0%
50800	Safety Equipment & Supplies	2,430	4,321	4,000	4,000	4,500	12.5%
50830	Uniforms	3,472	6,555	4,000	7,000	4,500	-35.7%
Total	WATER - DISTRIBUTION	940,709	1,030,756	1,004,250	950,500	1,048,750	10.3%
2001	WASTEWATER - TREATMENT (PLANT OPERATIONS)						
50410	Salaries & Wages	176,733	186,562	211,500	205,000	240,250	17.2%
50411	Overtime	22,444	20,858	35,000	35,000	35,000	0.0%
50415	Employers FICA Expense	14,655	14,741	18,750	18,250	21,250	16.4%
50420	Group Insurance Premiums	33,311	39,489	48,000	47,500	57,500	21.1%
50430	401(A) Money Purchase	10,937	11,728	13,250	11,750	14,750	25.5%



CITY OF HORSESHOE BAY
FY 2021 Utility Fund Budget - 01

Account Code	Account Title	FY 2018	FY 2019	FY 2020	FY 2020	FY 2021	% Variance from FY20
		Final Actuals	Final Actuals	Amended Budget	Projected Actuals	Adopted Budget	Projected to FY21
50432	401(A) Match	8,143	7,954	9,500	9,000	9,500	5.6%
50543	Chemicals / WW Treatment	14,519	11,074	16,000	16,000	20,000	25.0%
50548	Contract Services	1,293	950	8,000	3,000	8,000	166.7%
50555	Lab Expense	12,947	8,274	15,000	15,000	17,000	13.3%
50592	Equipment & Supplies	2,457	4,295	4,000	4,000	8,500	112.5%
50595	Fuel & Lubricants	7,319	5,993	8,000	8,000	8,000	0.0%
50640	M & R - Equipment	5,809	4,672	6,000	9,000	6,000	-33.3%
50675	M & R - Plant	44,061	17,146	40,000	42,000	35,000	-16.7%
50685	M & R - Vehicles	4,513	2,254	3,000	6,000	5,000	-16.7%
50742	Bio Solids - Compost	12,745	-	18,000	20,000	22,000	10.0%
50765	Other Expense	304	1,180	1,000	1,000	1,000	0.0%
50785	Rent / Lease	4,494	10,852	8,000	4,000	8,000	100.0%
50800	Safety Equipment & Supplies	2,892	2,042	3,500	3,500	4,000	14.3%
50830	Uniforms	2,384	3,108	3,250	3,250	3,500	7.7%
Total	WASTEWATER - TREATMENT	381,959	353,172	469,750	461,250	524,250	13.7%
2002	WASTEWATER - COLLECTION (FIELD OPERATIONS)						
50410	Salaries & Wages	335,896	365,761	314,250	251,500	315,000	25.2%
50411	Overtime	48,248	47,536	41,500	40,000	41,000	2.5%
50415	Employers FICA Expense	27,926	28,849	27,250	22,250	27,250	22.5%
50420	Group Insurance Premiums	65,019	90,925	83,250	77,500	79,000	1.9%
50430	401(A) Money Purchase	16,237	19,562	16,500	13,500	16,000	18.5%
50432	401(A) Match	15,932	15,510	13,750	8,000	10,000	25.0%
50542	Chemicals/Collection System	12,536	10,787	13,500	13,500	13,500	0.0%
50548	Contract Services	178,061	-	2,000	2,000	2,000	0.0%
50549	Contract Services - Taps/New Service	-	247,752	238,000	238,250	240,500	0.9%
50550	Contract Serv-Leak Detect/GPS	27,780	-	17,500	5,000	17,500	250.0%
50592	Equipment & Supplies	22,533	20,251	22,000	25,000	22,000	-12.0%
50595	Fuel & Lubricants	15,473	13,124	15,000	15,000	16,000	6.7%
50640	M & R - Equipment	16,220	12,223	12,000	13,500	18,500	37.0%
50645	M & R - Grinder Pump	94,845	120,307	110,000	100,000	110,000	10.0%
50646	Grinder Purchases	174,120	234,381	195,000	190,000	215,000	13.2%
50670	M & R - Lift Station	35,923	30,045	32,000	45,000	32,000	-28.9%
50685	M & R - Vehicles	7,872	8,211	8,500	8,500	12,000	41.2%
50715	M & R Materials - GP Tap	56,646	63,911	70,000	71,000	70,000	-1.4%
50725	M & R Materials - Line	36,612	39,787	32,000	39,250	40,000	1.9%
50726	Street Repair - Paving	41,020	19,474	20,000	10,000	20,000	100.0%
50765	Other Expense	1,419	2,576	1,500	1,500	1,500	0.0%
50785	Rent / Lease	1,934	4,422	2,000	2,000	2,000	0.0%
50800	Safety Equipment & Supplies	2,769	3,966	4,000	4,000	4,500	12.5%
50830	Uniforms	3,821	6,481	4,500	7,500	5,000	-33.3%
Total	WASTEWATER - COLLECTION	1,238,843	1,405,840	1,296,000	1,203,750	1,330,250	10.5%



CITY OF HORSESHOE BAY
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Account Code	Account Title	FY 2018 Final Actuals	FY 2019 Final Actuals	FY 2020 Amended Budget	FY 2020 Projected Actuals	FY 2021 Adopted Budget	% Variance from FY20 Projected to FY21
3001	SOLID WASTE - RECYCLING						
50410	Salaries & Wages	55,415	64,387	60,000	64,500	78,000	20.9%
50411	Overtime	2,483	776	500	1,000	1,000	0.0%
50415	Employers FICA Expense	4,335	4,430	4,750	5,000	6,000	20.0%
50420	Group Insurance Premiums	7,566	14,202	16,000	15,750	16,500	4.8%
50430	401(A) Money Purchase	2,961	3,010	3,500	3,250	3,500	7.7%
50432	401(A) Match	814	815	1,000	1,000	1,000	0.0%
50599	Compactor Service	9,550	9,100	10,000	11,000	11,500	4.5%
50600	Garbage Service - Commercial	93,459	99,602	102,000	118,000	121,500	3.0%
50605	Garbage Service - Residential	572,853	565,736	582,000	570,000	611,000	7.2%
50606	Recycling Service	21,235	20,050	23,000	20,000	20,500	2.5%
50674	M & R Recycling Center	-	-	-	13,000	-	-100.0%
50676	M & R Brush Site	19,754	19,144	24,000	12,000	26,000	116.7%
50785	Rent / Lease	504	-	5,000	1,000	5,000	400.0%
Total	SOLID WASTE - RECYCLING	790,928	801,251	831,750	835,500	901,500	7.9%
9994	DEBT SERVICE						
50515	Debit Service - Principal Series 2007	365,000	380,000	395,000	395,000	415,000	5.1%
50516	Debt Service - Interest Series 2007	175,720	163,418	148,000	148,000	132,000	-10.8%
50518	Debt Service Interest-Series 2011	89,153	85,153	80,500	41,500	-	-100.0%
50520	Debt Service Principal - Series 2011	180,000	185,000	190,000	190,000	-	-100.0%
50521	Debt Service Interest-Series 2014	129,239	128,685	125,750	125,750	122,750	-2.4%
50522	Debt Service Principal - Series 2014	135,000	135,200	140,000	140,000	145,000	3.6%
50523	Debt Service Interest-Series 2016	90,695	89,400	86,000	86,000	82,750	-3.8%
50524	Debt Service Principal - Series 2016	160,000	160,200	165,000	165,000	165,000	0.0%
50527	Debt Service Principal - Series 2019	-	-	10,000	-	-	100.0%
50528	Debt Service Interest - Series 2019	-	-	158,500	121,000	156,750	29.5%
50529	Debt Service Principal - Series 2020	-	-	-	-	68,750	100.0%
50530	Debt Service Interest - Series 2020	-	-	-	29,250	175,000	498.3%
50526	Bond Agent Fees	-	-	-	500	-	-100.0%
Total	DEBT SERVICE	1,324,806	1,327,056	1,498,750	1,442,000	1,463,000	1.5%
TOTAL OPERATING EXPENDITURES		7,149,113	7,703,941	8,240,500	7,983,500	8,506,000	6.5%



CITY OF HORSESHOE BAY
FY 2021 Utility Fund Budget - 01

Account Code		FY 2021 Adopted Budget
FY 2021 ROUTINE CAPITAL PURCHASES/PROJECTS		
50955-218	CWTP and West SCADA System Upgrade	150,000
50955-217	Clarifier for Central Water Treatment Plant	15,000
50955-219	Mixer for Central Plant	22,000
50955-220	Water Quality Auto Flushing Devices	10,000
50955-999	Emergency Equipment Replacement	25,000
50956-118	Replace Service Trucks (3)	109,000
50955-221	Valve Out Flange Spreader	8,000
50955-112	Ditch Witch	28,000
50959-222	Alarm System for Central Water Plant	20,000
50968-082	South Lift Station Rehabilitation	90,000
50955-023	Water Meter Replacement & AMI System Upgrade	225,000
TOTAL FY 2021 ROUTINE CAPITAL PURCHASES/PROJECTS		\$ 702,000
FY 2021 MAJOR CAPITAL PROJECTS (Debt Funded)		
50968-095	Wastewater Reclamation Plant Expansion	1,000,000
50968-119	Zebra Mussel Treatment	309,000
TOTAL FY 2021 MAJOR CAPITAL PROJECTS		\$ 1,309,000
TOTAL FY 2021 CAPITAL EXPENDITURES		<u>\$ 2,011,000</u>

5-Year Capital Improvement Plan

Unlike the City's operating budget, the capital improvement budget does not conclude at the end of each fiscal year. Many of the larger projects remain in progress for multiple years. As economic conditions and the needs of the Horseshoe Bay community change, it is often necessary to re-prioritize which projects, or portions of projects, receive funding. Staff and City Council continually re-evaluate the projects and City Council approves the updated 5-year plan each September.

Capital improvements are defined as facilities, infrastructure, or equipment that have a life expectancy of three or more years and are owned and operated by or on behalf of a political subdivision. As of FY 2021, all items in the Capital Improvement Program are significant non-recurring items. The City of Horseshoe Bay separates capital improvement projects into three categories: General Fund, Utility Fund, and Capital Projects Fund. The Capital Projects Fund generally consists of street-related projects.

General Fund capital improvements are typically paid for with General Fund revenues and are treated as part of the annual General Fund operating budget. Utility Fund capital improvements are typically paid for with utility service revenues for smaller items and issuing debt for major capital projects. Capital Project Fund capital improvements are usually paid for by issuing debt or by using unassigned fund balances.

The City's 5-Year Capital Improvement Plan is updated and revised each year during the budget planning stages and budget workshops with City Council. During the budget workshops, City Council discusses the available funding sources or options for each item on the Capital Improvement Plan. The final version is brought to City Council for approval at the same time as the budget. The current 5-Year Capital Improvement Plan is for FY 2021 through FY 2025.

Impact on Operating Budget

One of the capital improvements projects that has been ongoing for five years is the water meter replacement program. In FY 2021 the remainder 20% of the meters will be installed and replaced with advanced metering infrastructure (AMI). This system will allow the staff to load the meter reads through communication networks and not have to physically read 3,300 meters each month. Additionally, the AMI system will provide customers fast water leak notifications and usage tracking that will reduce unnecessary water demands thereby slowing the need for future plant expansion funding. The Field Operations department in the Utility Fund will not see cost savings in personnel because the staff reading meters will reallocate to other duties within the department. Once all the meters are replaced after FY 2021, we will be able to determine other actual savings and include in future budget years.

Two major CIP projects budgeted include the Wastewater Reclamation Plant Expansion Project and the Zebra Mussel Mitigation Project.

The Wastewater Reclamation Plant Expansion Project was required to comply with TCEQ's plant capacity requirements due to the City's growth. The new plant operations will provide for long term electrical and treatment savings through the installation increased efficient fine bubble aeration and blower systems. The expansion will improve the treated effluent quality that is used on the communities four area golf courses while conserving and protecting water from Lake LBJ, our drinking water source. The project is operated by a control system that allows the sustaining by the current employee complement.

The Zebra Mussel Mitigation Project was developed to protect the City's drinking water treatment system from zebra mussel infestation. In recent years the Highland lakes, including Lake LBJ our source waters, have tested positive for the problematic aquatic organisms. The project's purpose is to prevent intake structure, piping, and treatment equipment from be infested with organisms that will envitably negatively affect water quality and substantially increase maintenance as well as treatment costs. The City will install a Copper Ion system to mitigate the mussel's entry into the water system and will require a yearly additional expense to replace the copper rods at a cost of approximately \$0.02 per 1,000 gallons treated.

5 YEAR CAPITAL IMPROVEMENT / NEEDS ASSESSMENT PLAN
FY 2021 - FY 2025

GENERAL FUND	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Emergency Equipment Replacement - Admin	20,000	20,000	20,000	20,000	20,000
Replacement Vehicles - Police	90,000	87,000	90,000	88,000	100,000
Mobile Data Computers (MDC) - Police	45,000	-	-	-	-
Replace Patrol/Fire Rescue Boat - Police & Fire	-	-	130,000	-	-
New Service Truck - Public Works	60,000	-	-	-	-
Replace Large Format Scanner - Development Service	10,000	-	-	-	-
Vehicle Replacement	-	25,000	-	-	-
Replace 60" Large Format Printer - Development Serv	-	-	12,000	-	-
MS 365 Government Exchange Migration - Technology	10,000	-	-	-	-
CAPCOG Ortho Imagery - Technology	6,000	-	-	-	-
Azure AD/File Share Migration - Technology	-	8,000	-	-	-
Firewall Replacement - Technology	-	6,000	-	-	-
Network Switches Replacement - Technology	-	4,000	-	-	-
Radio Grant - Llano Co - Fire Dept	5,000				
Fire Station #2 Improvements	-	300,000	-	-	-
TOTAL ANNUAL CIP REQUIREMENTS	\$ 246,000	\$ 450,000	\$ 252,000	\$ 108,000	\$ 120,000
CAPITAL PROJECTS FUND	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Sealcoating Projects	-	-	-	750,000	900,000
Street Upgrades	1,000,000	-	-	-	-
HSB South Seal Coating	500,000	-	-	-	-
HSB Proper Seal Coating	-	750,000	-	-	-
Ferguson & Fairways Seal Coating	1,265,000	-	-	-	-
Internet Infrastructure	250,000	-	-	-	-
TOTAL ANNUAL CIP REQUIREMENTS	\$ 3,015,000	\$ 750,000	\$ -	\$ 750,000	\$ 900,000
UTILITY FUND	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
<u>Routine Capital Purchases & Projects:</u>					
Water Meter Replacement Program	225,000	120,000	120,000	120,000	120,000
Vehicle Replacement	109,000	80,000	35,000	35,000	35,000
Emergency Equipment Replacement	25,000	25,000	25,000	25,000	25,000
Water Quality Auto Flushing Devices (2 every year)	10,000	8,000	8,000	8,000	8,000
CWTP & West SCADA System Upgrade	150,000	100,000	100,000		
South Lift Station Rehabilitation	90,000	-	-	-	-
Valve Out Flange Spreader	8,000	-	-	-	-
Clarifier & Finisher at Central Water Trmt Plant	15,000	-	-	-	-
Replace Failing Mixer for Central Plant	22,000	-	-	-	-
Small Ditch Witch Vac System	28,000	-	-	-	-
Alarm System for Central Water Plant & Admini	20,000	-	-	-	-
Replace Obsolete Grinder Systems - 35 Units	-	50,000	50,000	25,000	25,000
Replace Fire Hydrant Program	-	25,000	25,000	25,000	25,000
Replace Pump, Motor & Control Setup #3 High Storage	-	40,000	-	-	-
16ft Trailer for Skid Steer & Mini Excavator	-	15,000	-	-	-
Portable Ultrasonic Flow Meter for Water Loss Prg	-	10,000	-	-	-
Emergency Backup Motor Trails/Siena Creek Lift Station	-	5,500	-	-	-
Device Test Bench at CWTP Workshop	-	7,500	-	-	-
Covered Pole Barns for Equipment & Vehicles	-	125,000	-	-	-
Expansion of Warehouse	-	125,000	-	-	-
Additional Office Space for Field	-	35,000	-	-	-
Valves & Actuators for West Treatment Plant Racks	-	-	4,000	-	-
Meter for Existing Auto Flushes	-	-	18,700	-	-
Emergency Backup Motor Slickrock Lift Station	-	-	55,000	-	-
Submersible ROV for Water Tank Inspections	-	-	6,000	-	-
Replace Water Main on Winchester	-	-	35,000	-	-
Replace Water Main on Moon Isle	-	-	-	25,000	-
Enclosed Trailer for Safety Equipment	-	-	-	8,000	-
Backhoe	-	-	-	135,000	-
Total Routine Capital Purchases & Projects:	702,000	771,000	481,700	406,000	238,000
<u>Major Capital Purchases & Projects:</u>					
Wastewater Reclamation Plant Expansion	1,000,000	-	-	-	-
Zebra Mussel Treatment	309,000	-	-	-	-
Summit Rock Lift Station	-	650,000	-	-	-
Lakawanna Lift Station Rehabilitation	-	145,000	-	-	-
Blister Gold Lift Station Rehabilitation	-	-	120,000	-	-
Water Storage Tanks (3 tanks & 1 elevated) Rehabilitation	-	-	500,000	450,000	500,000
Total Major Capital Purchases & Projects:	1,309,000	795,000	620,000	450,000	500,000
TOTAL ANNUAL CIP REQUIREMENTS	\$ 2,011,000	\$ 1,566,000	\$ 1,101,700	\$ 856,000	\$ 738,000

Budget Glossary

Account Number: A code made up of numbers used to classify how specific dollar amounts are categorized as revenue or expenditures. Typically, similar revenues or expenditures are classified into the same account.

Accounting Standards: The generally accepted accounting principles (GAAP) promulgated by the Governmental Accounting Standards Board that guide the recording and reporting of financial information by the state and local governments. The standards establish such guidelines as when transactions are recognized (accrual, modified accrual, or cash basis), the types and purposes of funds, and the content and organization of the annual financial report. At the federal level, accounting standards are developed by the Federal Accounting Standards Advisory Board.

Accounting System: The methods and records established to identify, assemble, analyze, classify, record, and report the City's transactions and to maintain accountability for the related assets and liabilities.

Accounts Payable: A short term (one year or less) liability reflecting amounts owed for goods and services received by the City.

Accounts Receivable: An asset reflecting amounts due from other entities for goods and services provided by the City.

Accrual Accounting: A system of accounting in which revenues and expenditures are recorded at the time they occur, rather than the time cash is received or disbursed by the City.

Ad Valorem Taxes: Also known as property taxes; the taxes levied on all real and certain personal property according to the assessed value of the property and the established tax rate.

Amortization: The process of paying the principal amount of an issue of bonds by the periodic payments either directly to bondholders or to a sinking fund for the benefit of bondholders. Payments are usually calculated to include interest in addition to a partial payment of the original principal amount.

Amortization Schedule: A table showing the gradual repayment of an amount of indebtedness, such as a bond, over a period of time.

Appraised Value: An evaluation of a property's value based on a given point in time that is performed by Llano Central Appraisal District or Burnet Central Appraisal District.

Appropriation: An authorization made by the City Council which permits the City staff to make expenditures and incur financial obligations.

Audit: An examination of the City's financial accounts and records. The City is required by law to have an audit completed each year by an independent certified public accountant.

Available Fund Balance: Money remaining from prior years that is not committed for other purposes and can be allocated in the upcoming budget.

Balanced Budget: A balanced budget is where total revenues are equal or greater than total expenses; a budget that has no budget deficit.

Bond: A written promise to pay a specified amount of money (the principal) at a specified date or dates in time (maturity dates) and carrying interest at a specified rate. The most common form of bonds are general obligation bonds and certificates of obligation. Bonds are usually used to fund large construction projects

that have a long lifespan and/or are too expensive for the City to pay for with cash. Some examples are public buildings, water and sewer infrastructure, and streets.

Bond Contract: The legal agreement between the issuer and the debt holder, which defines the security and terms of the debt.

Bond Covenant: An agreement that governs the use of the borrowed money when a governmental agency sells a bond. The covenant becomes a legally enforceable agreement with the bondholders.

Bonded Debt: The portion of indebtedness represented by unpaid bonds. Or, the amount of principal on all bonds issued by the City.

Bondholder: The owner of a municipal bond, to whom payments of principal and interest are made. The owner of a bearer bond is the person having possession of it, while the owner of a registered bond is the person whose name is noted on the bond register.

Bond Proceeds: The money paid to the issuer by the purchaser or underwriter for a new issue of municipal bonds, used to finance the project or purpose for which the bonds were issued and to pay certain costs of issuance, as may be provided in the bond contract.

Bond Purchase Agreement: The contract between the underwriter and the issuer setting forth the final terms, prices, and conditions upon which the underwriter purchases a new issue of municipal bonds for reoffering to the investing public.

Budget: A financial plan for a specified period of time (the fiscal year for the City) that includes an estimate of proposed revenues, an estimate of anticipated expenditures, and an analysis of the undedicated fund balance.

Budget Amendment: The budget may be formally amended after it has been approved. Amendments may be required, for example, with the incorporation of a new labor contract or if revenues fall or grow beyond projections.

Budget Calendar: A time table with deadlines when particular tasks must be completed in order for City Council to approve the spending plan before the beginning of the next fiscal year.

Budget Process: The budget process includes preparation of budget requests, legislative approval of the budget requests, budget implementation, and summary reporting on actual budget transactions.

Budget Transmittal Letter: Written to the City Council by the City Manager and provides a high-level preview of the City Manager's proposed budget. It contains hard numbers including the proposed tax rate and proposed fund summaries as well as overview of the departmental business plans. The letter helps tie together the core elements which make up the proposed budget and illustrates how those elements further the City's goals found within the strategic management system.

Capital Improvements: Expenditures for the construction, purchase, or renovation of City facilities or property, usually those projects which have a lifespan of greater than five to seven years.

Capital Outlay: Expenditures resulting in the acquisition of or addition to the City's fixed assets.

Cash: Currency on hand and demand deposits with banks and other financial institutions.

Cash Basis: A method of accounting in which transactions are recorded when cash is received or disbursed.

Cash Flow: A sufficient amount of cash on hand to cover disbursements or payments that are coming due.

Certificates of Obligation (CO): A form of bond used to finance capital improvement projects or purchases. CO's are backed by the full faith and credit of the government issuing them. CO's can be issued by a vote of the City Council and are not necessarily voter approved.

Chart of Accounts: A way of recording revenues and expenditures that includes all transactions and that fits the organizational structure. A chart of accounts assigns a unique number to each type of transaction (e.g. salaries or property taxes) and to each budgetary unit in the organization.

Contingency: A budgeted account set aside to meet unforeseen circumstances.

Current Assets: Those assets that can be easily converted to cash within the current year.

Current Taxes: Taxes that are levied and due within the ensuing fiscal year.

Date of Acquisition: The date on which an asset is purchased as indicated on a contract or certificate.

Debt Service Fund: A fund established to account for funds needed to make principal and interest payments on outstanding bonds.

Debt Service Requirements: The amount of money required to pay interest and principal on outstanding bonds. Sometimes the bond covenants (terms of the bond) may require special requirements such as cash reserves in the debt service fund.

Delinquent Taxes: Property taxes remaining unpaid after the due date. Delinquent taxes incur penalties and interest at rates specified by law.

Department: A functional group of the City with related activities aimed at accomplishing a major City service or program.

Depreciation: The proration of the cost of a fixed asset over the estimated service life of the asset. Each period is charged with a portion of such cost, and through this process, the entire cost of the asset is ultimately charged off as an expense.

Disbursement: Payment for goods or services that have been delivered and invoiced.

Effective Tax Rate: The rate that produces the same amount of property tax revenues compared to the prior year. Based on the total property valuation for the City and how much property tax was levied, the rate is determined by the laws of the State of Texas.

Encumbrance: The commitment of appropriated funds to purchase an item or service. Once an encumbrance is made, a purchase order is issued for the expenditure.

Enterprise Fund: See Proprietary Fund.

Expense: Charges incurred, whether paid or unpaid, for operation, maintenance, interest, and other charges which are made within the current fiscal year.

Equity: The difference between assets and liabilities of the fund.

Financial Advisor: With respect to a new issue of municipal bonds, a consultant who advises the issuer on matters pertinent to the issue, such as structure, timing, fairness of pricing, terms, and bond ratings. Such consultant may be employed in a capacity unrelated to a new issue of municipal securities, such as advising on cash flow and investment matters.

Fiscal Year: The period designated by the City signifying the beginning and ending period for recording financial transactions of the City. The City of Horseshoe Bay's fiscal year begins on October 1 of each year and ends on September 30 of the following year.

Fixed Assets: Assets of a long-term character which are intended to be held or used, such as land, buildings, machinery, furniture, and equipment.

Fund: A separate fiscal and accounting entity with their own resources and budgets necessary to carry out specific duties or programs to accomplish certain objectives.

Fund Accounting: A system of accounting used primarily by non-profit and government organizations. The accounting records take the form of a collection of funds, each fund having a distinct purpose, ranging from operating expenses to funding the various activities of the organization.

Fund Balance: The difference between a fund's assets and its liabilities. Portions of the fund balance may be reserved for various purposes such as contingencies or encumbrances at the end of the fiscal year.

General Fund: The largest fund within the City. It accounts for all resources except those that are required to be in a special fund. The General Fund contains the activities commonly associated with municipal government, such as police, fire, and streets.

General Obligation Bonds: Bonds that finance a variety of public capital improvements projects. The repayment of these bonds is typically pledged against property tax revenues. They are backed by the full faith and credit of the City. Voters must approve the issuance of general obligation bonds through a special called bond election.

Generally Accepted Accounting Principles (GAAP): Uniform minimum standards for financial recording and reporting established by the accounting profession through such independent entities as the Governmental Accounting Standards Board.

Generally Accepted Auditing Standards (GAAS): A set of systematic guidelines used by auditors when conducting audits on companies' finances, ensuring the accuracy, consistency, and verifiability of auditors' actions and reports.

Government Finance Officers Association (GFOA): An organization that represents public finance officials throughout the United States and Canada.

Governmental Accounting Standards Board (GASB): The body that sets accounting standards specifically for governmental entities at the state and local level.

Governmental Fund: A grouping used in accounting for tax-supported activities completed by the government entity.

Grant: Contributions or gifts of cash or other assets from another government to be used for a specific purpose, activity, or facility.

Home Rule: A limited grant of discretion from state governments to local governments, concerning either the organization functions or the raising of revenue. Without home rule, local governments are restricted to whatever functions, organization, and revenues sources are specified by the state government, and are bound by whatever limits in revenue or borrowing that state requires.

Infrastructure: Long-term capital assets that normally are stationary in nature (fixed as compared to rolling stock) and can be preserved for a great number of years. Examples include water and sewer lines, roads, bridges, buildings, etc.

Inter-Fund Transfers: An amount of money transferred from one fund to another fund. For example, transferring money from the Utility Fund to the General Fund.

Intergovernmental Revenue: Revenues received from another governmental entity, such as county, state, or federal governments.

Internal Controls: Systematic measures (such as review, checks and balances, methods and procedures) instituted by an organization.

Investment Policy: A document that outlines general rules for investing, and provides the general investment goals and objectives.

Liability: The City's legal debts or obligations that arise during business operations. Liabilities are settled over time through the transfer of economic benefits including money, goods, or services.

Line-Item Budget: A format for budgeting in which departmental outlays are grouped according to the items that will be purchased.

Liquidity: The ability to convert assets into cash.

Machinery and Equipment: Property that does not lose its identity when removed from its location and is not changed materially or consumed immediately by use.

Mission: The basic purpose of a department, the reason for its existence, what the department aims to accomplish.

Municipal Bonds: A general term referring to bonds of local governmental subdivisions such as cities, towns, villages, counties, and special districts as well as states and subdivisions thereof, where are exempt from federal income taxation.

Operating Budget: Plans of current expenditures and the proposed means of financing them. The annual operating budget is the primary means by which most financing activities of the City are controlled.

Operating Expense: Proprietary fund expenses related directly to the fund's primary activities.

Operating Income: The excess of proprietary fund operating revenues over operating expenses.

Operating Revenue: Proprietary fund revenues directly related to the fund's primary activities. They consist primarily of user charges for goods and services.

Ordinance: A formal legislative enactment by the Horseshoe Bay City Council.

Principal: The face value of a bond, payable on stated dates of maturity.

Property Taxes: See Ad Valorem Taxes.

Proprietary Fund: Also referred to as an Enterprise Fund. A governmental accounting fund in which the services provided, such as water and sewer service, are financed and operated similarly to those in a private business. The intent is that the costs of provide these services be recovered through user charges.

Public Hearings: Open meetings regarding proposed budget allocations – either operating or capital – that provide citizens an opportunity to voice their views on the merits of proposals.

Purchase Orders: An agreement drawn up to buy goods and services from a specific vendor with a promise to pay when delivered.

Refunding: The issuance of new debt whose proceeds are used to repay previously issued debt. The proceeds may be used immediately for this purpose (current refunding), or they may be placed with an escrow agent and invested until they are used to pay principal and interest on the old debt at a future time (advanced refunding).

Resolution: A special or temporary order of the Horseshoe Bay City Council. Requires less formality than an ordinance and does not carry with it the force of law.

Revenue Bonds: Bonds whose principal and interest are payable exclusively from the earnings of a proprietary fund.

Special Revenue Fund: Accounts for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Taxable Value: The assessed value of property less any exemptions available on that specific property. The tax rate is applied to the taxable value to calculate a total tax levy.

Tax Base: The total taxable value of all real and personal property in the City as of January 1 of each year as certified by the Llano Central Appraisal District or Burnet Central Appraisal District, less any exemptions.

Tax Levy: The resulting product when the tax rate per one hundred dollars is multiplied by the tax base.

Texas Municipal League (TML): The Texas Municipal League is a voluntary coalition of Texas municipalities created for the purpose of furthering and enhancing causes of mutual interest to Texas cities. TML offers educational and training opportunities, legislative activities, and legal advisement to its members. Additionally, TML has intergovernmental risk pools that offer insurance coverage.

User Charges: The payment of a fee for direct receipt of a public service by the party benefiting from the service, such as water and sewer fees.

CITY OF HORSESHOE BAY

FISCAL ADMINISTRATION POLICY

Title: **Fiscal Administration.**

Policy directives of the City of Horseshoe Bay (City) applicable to any and all fiscal responsibilities of the City, including, but not limited to, budget assumptions and reviews, rates, cash flow projections, and cash reserves.

Statement:

The City hereby adopts a Policy of Fiscal Responsibilities to conform to the City Charter, Local Government Code and generally accepted accounting principles as applicable to governments and orders the implementation of the following policy directives.

Responsibility:

The City Manager shall serve as the Budget Officer for the City and shall be responsible for establishing operating procedures that implement and manage the following Directives. The Staff will be responsible for providing the Budget Officer with information necessary to properly implement and manage the following Directives. City Council shall be responsible for approving the annual budget each year.

Directives:

Budget:

The City philosophy is to plan water and wastewater operating rates based on population and experience. The annual utility budget will be prepared to support the planned operating rates. Budgets for General Fund functions will be prepared based on approved staffing levels and other operating needs.

The annual expense for employee benefits shall not exceed 40% of the annual expense for total employee salaries. Employee benefits for the purpose of this calculation are defined as FICA, health and dental insurance, life insurance, and pension.

Water and Wastewater revenue will be projected to result in operating revenue to cover operating expenses for the purpose of providing the water and wastewater services, and to cover routine capital purchases, projects, and improvements and debt service.

Garbage revenue will be projected to result in operating revenue exceeding operating expenses by 10%.

Tax revenue will be based on the Central Appraisal District's estimate of value and the previous year's historical data for collection rate.

The City Council will consider issuing debt on a case-by-case basis to fund major capital improvement projects in excess of \$500,000.

Budget Review:

The City Council will be given financial information at each monthly meeting. Quarterly financial presentations on all funds and capital projects will be given to the City Council at the regularly scheduled meeting immediately following the end of each quarter.

Rates:

Utility Rates for water and wastewater and garbage will be reviewed annually. During the annual budget process each year, the City Manager will make a recommendation concerning any changes in the rates for water and wastewater to the Mayor and City Council.

Tax rates will be reviewed annually and will be set to result in revenue sufficient to cover General Fund operations and debt service.

Cash Flow Projections/Reserves:

The City Council requires that all projected annual budgets for General Fund result in a cash flow reserve equal to the greater of \$2,500,000 or three months of total operating expense, plus debt service reserves as required by debt indentures.

The Utility Fund shall reserve excess funds each year to create a cash reserve ("Utility Reserve Fund"). The target amount of the Utility Reserve Fund will be three months of personnel and operating expenses. It is recognized that the Utility Fund may not be able to achieve the target level in a single year. Utility Reserve funds in excess of the three months may be used to reduce future utility rates/increases or for any other purpose approved by the City Council.

The Utility Rate Stabilization Account shall have a balance no greater than \$300,000. The City Council is not required to replenish these funds after any use. There is no required minimum balance.

The City's Fiscal Administration Policy and any modifications made thereto shall be approved by the City Council.

Reviewed and Adopted by vote of the City Council on September 18, 2018.



Steve Jordan, Mayor

ATTEST:



Kerri Craig, City Secretary

CITY OF HORSESHOE BAY

RESOLUTION NO. 2018-18

Adopting a Fixed Assets and Capitalization Policy

A RESOLUTION OF THE CITY OF HORSESHOE BAY, TEXAS, ADOPTING A FIXED ASSETS AND CAPITALIZATION POLICY THAT PROVIDES GUIDELINES AND PROCEDURES FOR THE CITY'S FIXED ASSETS IN COMPLIANCE WITH THE CITY'S CHARTER AND THE STATE OF TEXAS

WHEREAS, the City of Horseshoe Bay recognizes the importance of properly identifying and accounting for capital and non-capital fixed assets purchased and donated; and

WHEREAS, the Fixed Assets and Capitalization Policy replaces the current Capitalization Policy, which was adopted by the City of Horseshoe Bay City Council on June 19, 2007; and

WHEREAS, the purpose of the Fixed Assets and Capitalization Policy (attached as *Exhibit A*) is to have a policy in place to give guidance for the identification and monitoring of capital and non-capital fixed assets.

NOW, THEREFORE, BE IT RESOLVED by the City of Horseshoe Bay City Council:

- 1) The Fixed Assets and Capitalization Policy is hereby approved and adopted by the City of Horseshoe Bay; and
- 2) The City Council directs City staff to implement the Fixed Assets and Capitalization Policy to the extent reasonably possible, effective immediately; and
- 3) The meeting at which this Resolution was passed was open to the public, and that public notice of the time, place and purpose of said meeting was given as required by the Open Meetings Act, Texas Government Code, Chapter 551.

PASSED & APPROVED this, the 15th day of May 2018, by a vote of the City Council of Horseshoe Bay, Texas.

CITY OF HORSESHOE BAY


Stephen T. Jordan, Mayor

Attest:


Kerri Craig, City Secretary

City of Horseshoe Bay

Fixed Assets and Capitalization Policy

I. Introduction

The purpose of the Fixed Assets and Capitalization Policy is to present a uniform method of maintaining and updating the City's fixed asset records. Principles and processes incorporated into this policy are in accordance with generally accepted accounting principles (GAAP) and state law.

This policy encompasses all fixed assets at the City: land, land improvements, buildings, building improvements, infrastructure, machinery and equipment, and vehicles. Fixed assets are further distinguished as capital assets and non-capital assets.

Capital assets are those fixed assets that meet the capitalization threshold as identified in Section III. The City shall maintain a current listing of capital assets and require **that an annual physical inventory is conducted**. GAAP requires proper accounting for the acquisition and disposal of capital assets. Proper record keeping of the City's capital assets also provides a management tool for budget and rate setting decisions.

Non-capital assets are those fixed assets that fall below the capitalization threshold and may include furniture, small tools and equipment (hand mowers, trimmers, etc.), and various telecommunications and computer equipment. Although not required, it may be important for departments to maintain inventories of non-capital fixed assets for many reasons, including theft prevention and conducting condition assessments.

II. Duties and Responsibilities

The Finance Department and various other City Departments have a role in the successful maintenance of the City's fixed asset records.

The Finance Department shall be responsible for the oversight of all duties and functions related to capital assets, including:

- A. Update and maintain detailed records of all capital assets of the City.
- B. Oversee annual physical inventories of capital assets.
- C. Provide education and act as a resource for departments in the compliance of this policy.
- D. Generate capital asset reports as required or requested.

Other City Departments have the following responsibilities:

- A. Custodianship of assets for the department.
- B. **Complete annual physical inventory of capital assets** within the department.
- C. Updating and maintaining inventories of departmental non-capital fixed assets.
- D. On a timely basis, report to the Finance Department all changes, transfers, surpluses, relevant alterations, acquisitions, and dispositions of capital assets (including lost or stolen items).

III. Capitalization Threshold

The current criteria requiring the capitalization of a fixed asset is a cost or fair market value of \$5,000 or more and a useful life of one year or more.

IV. Building/Facility Improvements

The determination of whether an expenditure to replace part of a building/facility or major equipment associated with a building/facility is considered to be an improvement or a maintenance item shall be addressed on a case-by-case basis. Examples of potential improvements are HVAC, boilers, roofs, etc. In general, any such expenditures exceeding \$50,000 should be considered capitalized improvements, under \$50,000 would be an operating maintenance item.

V. Acquisition of Capital Assets

The purchase of capital assets is subject to the provisions of the City's Purchasing Policy and Procedures Manual. All costs associated with the purchase of the asset shall be charged to a capital account within the City's accounting system. Ancillary costs (shipping, installation, design, etc.) shall be included in the capitalized cost of the asset.

Donated assets shall be capitalized at the estimated fair value of the asset at the time of the donation. The Finance Department shall determine the fair value of the asset based on the best information available, which may include original cost, age of the item, assessment of current condition, etc. Departments shall notify the Finance Department within two business days of the acquisition of any donated assets.

VI. Classification of Capital Assets

Capital assets are personal and real property used in the operations of the City that have estimated useful lives of one year or more. Capital assets are to include any item that falls into one of the following categories:

- Land and land improvements held by the City.
- Construction/Buildings structures which are permanent in nature with useful lives that exceed one year or more and are subject to depreciation.
- Improvements other than Buildings used for permanent improvements that add value to land, but do not have an indefinite useful life (e.g., fences, retaining walls, parking lots, irrigation systems). The City does not capitalize landscaping.
- Machinery and Equipment/Vehicles includes all tangible property other than land and buildings.
- General Infrastructure includes long-lived capital assets that normally are stationary in nature and normally can be preserved for a significantly greater number of years than most capital assets (e.g., roads, bridges, draining systems, water and sewer systems).
- Other Capital Assets is a class of capital assets available for all items not property included in one of the other major classes.
- Construction in Progress is the accumulation of costs related to the construction of tangible assets that are not substantially ready to be placed in service.

VII. Estimated Useful Lives of Capital Assets

Capital assets have estimated useful lives of one year or more. Below are general ranges of estimated useful life:

• Land	Non-depreciable
• Buildings/Construction	20 to 50 years
• Improvements other than Buildings	20 years
• Machinery and Equipment	5 to 20 years
• Vehicles	5 years to 15 years
• General Infrastructure	10 to 50 years
• Other Capital Assets	5 years
• Construction in Progress	Non-depreciable

VIII. Depreciation Method of Capital Assets

Capital assets shall be depreciated over their estimated useful lives using straight-line depreciation.

IX. Annual Physical Inventory

Finance staff shall provide the various departments with the most recent list of capitalized assets assigned to their respective departments/divisions. Each department shall conduct an inventory to confirm the accuracy of the report and note all changes and discrepancies to the list. Departments shall return the completed inventories, complete with all notations, to the Finance Department in a timely manner (typically within two weeks).

X. Disposition of Fixed Assets

All Departments must review their assets and supplies each year and determine whether any items are no longer needed. **A Department must submit a list of any surplus, obsolete, or unused supplies, materials, or equipment** to the Finance Department, and include a description, make, model, and serial number. The Finance Department, in coordination with a Department, may transfer items between Departments based upon needs. Where equipment or durable goods are deemed to be surplus, obsolete, or unused, the Department will present the list to City Council for approval to dispose of such equipment or durable goods. The Department may attempt to sell surplus, obsolete, or unused supplies, materials, or equipment in a manner that attempts to secure a fair market value price for the City or donate such items to a local nonprofit organization. Funds received from a sale of surplus items will be returned to the appropriate City fund.

